

Registered number: 04627969  
Charity number: 1096068

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**MERCY IN ACTION  
(A COMPANY LIMITED BY GUARANTEE)**

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**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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| <b>Trustees</b>                  | S J Buckley (resigned 27 April 2021)<br>F H Clark (appointed 22 October 2021)<br>S G Clelland, Chair (appointed 22 May 2021)<br>A Farrands<br>H J Law (appointed 27 April 2021)<br>T R Jones (resigned 22 October 2021)<br>A Todd (resigned 22 October 2021) |
| <b>Company registered number</b> | 04627969   |
| <b>Charity registered number</b> | 1096068  |
| <b>Registered office</b>         | 11 Foxcote Avenue<br>Peasedown St John<br>Bath<br>BA2 8SF  |
| <b>Chief executive officer</b>   | A Todd   |
| <b>Independent auditors</b>      | Bishop Fleming LLP<br>Chartered Accountants<br>Statutory Auditors<br>10 Temple Back<br>Bristol<br>BS1 6FL  |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees present their annual report together with the audited financial statements of the Mercy In Action for the year 1 January 2021 to 31 December 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the 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 (FRS102) (effective 1 January 2019).

Since the group and the Company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

**Policies and Objectives**

Mercy in Action's objectives, for the public benefit and as contained in the company's Memorandum and Articles of Association, are:

- (a) to advance the Christian faith in accordance with the Statement of Beliefs appearing in the Schedule hereto in Bath and in such other parts of the United Kingdom and in the Philippines and in such other parts of the world as the directors of the Charity (herein called "the trustees") may from time to time think fit and to fulfil such other purposes which are exclusively charitable according to the law of England and Wales and are connected with the charitable work of the Charity;
- (b) to relieve persons who are in conditions of need or hardship or who are aged or sick and to relieve the distress caused thereby in the said locations and in such other parts of the United Kingdom and the world as the trustees may from time to time think fit;
- (c) to advance education in accordance with the Christian principles by such means as the trustees may consider appropriate including by means of establishing and operating any educational establishment or establishments in the said locations and in such other parts of the United Kingdom and the world as the trustees may from time to time think fit.

**Public Benefit**

In setting objectives and planning for activities, the Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The trustees further confirm that the activities of Mercy in Action are carried out, in line with its objects, for the public benefit as described in this report.

**Strategies for achieving objectives**

Our aim is to tackle poverty, injustice and inequality, through housing, food, education and care. Our current activities furthering our charitable purpose are:

In the UK:

- I. Supported housing for young mothers and mums to be who are facing homelessness in Bath & NE Somerset, Trowbridge and Wells.
- II. Supported housing for young men in Oxford who are facing homelessness and are NEETS.
- III. Pantry style food banks in Bath and Oxford for families on low incomes.
- IV. Provision of free clothing for children aged 0-15 in Bath & NE Somerset and in Highworth, Wilts
- V. Provision of household goods to women leaving refuges, or to families in need.
- VI. Mother and Baby support group.
- VII. Job Creation and work experience for young people.

In the Philippines, working through our partner organisation KsK:

- I. Running residential accommodation for children who have been victims of or at risk trafficking, neglect or abuse.
- II. Supporting 405 children through school (in 2021 due to COVID19 this was provided remotely and supported by teachers and support workers in the community).
- III. Community support for families
- IV. Day care for Street children
- V. Supported housing for Care Leavers
- VI. Work placements and work experience for young people.

**MERCY IN ACTION  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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Elsewhere:

- I. Supporting young people who would otherwise not continue their education after family bereavements.

**Social investment policies**

We achieve our investment in social investment by supporting young mothers in their parenting and social skills, by encouraging and helping young men into employment and offering work to returners to work at agreeable hours within the school day. Our involvement in the government Kickstart Programme was taken up by 18 young people, 4, of whom stayed in employment with Mercy in Action.

**Grant-making policies**

We give grants to our partner organisations in the Philippines. This is carried out by an annual budgeted agreement.

Small grants were awarded to families in the UK on a means tested basis.

**Volunteers**

Despite the challenges due to COVID 19, our bank of 300+ dedicated volunteers continued to support Mercy in Action in various capacities. Whether serving in our shops, helping in the warehouse, supporting families at the Pantry, or giving time for advice and high-level support, our volunteers were a continued strength

**Achievements and performance**

**Petra Project**

Initially started as a housing project providing supported accommodation to young mothers and mothers-to-be. To date, these homes remain safe and secure, nurturing an environment where mums and babies can build strong and loving attachments. In these homes we continue to strive towards having an inclusive, caring and welcoming environment for every family.

- Bath: Housing and supporting 9 mothers and babies/children
- Wiltshire: Housing and supporting 6 mother and babies/children
- Both of these locations continue to receive high number of referrals with all houses remaining high levels of occupancy.
- Somerset: Housing 5 mothers and babies/children

Due to housing a client with greater support needs, it became inappropriate to house other residents alongside. Given our desired commitment to this client, we were able to support them in accessing detox and assisting them in their transfer onto a rehab centre where they could be sufficiently taken care of. In doing so, we became more equipped to meet the demand of the continuously high levels of referrals, filling the house once more with 5 clients.

**Oxford: Housing 7 young men not in work or education**

Due to a lack of provision for young men in the Oxford area, we expanded our project, given its inclusivity mission, to create a safe space for young men in this location.

Currently, this house has high levels of occupancy but low referrals due to lack of client move on provision for the young men in this area. There is a plan to look at changing the housing to young parents provision as this is more our area of expertise.

Transition flat: housing 1 mother and child. This was a new project for us that worked incredibly well. Though offering less support, we ensured our client still had a team on hand to assist them as and when they needed. This facilitated better independence for the mum, whilst equally ensuring she felt supported.

We successfully transitioned the mum and child onto their own property, which they were extremely thankful for.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**Action Pantry**

Action Pantry Bath began as a local initiative in 2019 to make affordable food easily accessible to people experiencing financial hardship and /or health issues.

Through Action Pantry, we make nourishing food accessible to people living in some of the most deprived areas in England. 58,450 individuals received food from the Pantries.

*"I really cannot say how much help my Pantry box is. I forgot I would get it today and had been thinking of ways to try and stretch our food this week. Then appears a box full of amazing food and now we can actually eat properly the whole week! The sense of relief when it arrives is so huge. I just know that everyone who gets it will also feel the same. MiA is just incredible." - Esther (Pantry Member)*

Key moments for our Pantry this year:

- The Pantry grew by 30% in numbers from 2020 to 2021.
- Due to numbers, Penny's Pantry (Action Pantry in Batheaston) became its own Pantry separate to MiA in April 2021. When supplies allow, we still donate fruit and vegetables to them.
- We purchased a refrigerated van to allow our services of deliveries and weekly food collections which has enabled us to deliver food to individuals who have mobility difficulties, as well as those with mental health complications which prevent them from leaving their property with ease.
- The van has proved especially helpful in times where we have been offered extra produce from FSSW, or have been asked to carry out an emergency food delivery.
- Over the Christmas period we provided food for 429 families. They came in to choose Christmas food, take their normal weekly shop, in addition to being provided with meat, fresh fruit and vegetables to see them through the two weeks of Christmas. Morrison's donated 60-80 toys that we were able to give to pantry children.
- Distributed 23,240kg of food from Fareshare South West, this is the equivalent of 55,000 meals.
- 82.84% of the food given to us from Fareshare was classed as 'surplus food'. This is food we collectively have helped prevented from entering land fill

**Clothesline**

Redistributing children's clothing to families

Around 30 families a week used the clothesline, accessing free good quality clothing and school uniform.

Grants from St John's Foundation, The Big Lottery and The Covid Recovery Fund, enabled us to expand and develop essential services further.

During December, MiA were approached by B&NES to give immediate assistance to residents at a temporary shelter for Asylum Seekers. Our team responded swiftly to provide clothing, toiletries, Christmas presents and treats to 43 families.

**Philippines**

Our Mission: We strive to provide a safe haven for abandoned, abused, and neglected children. To give them a safe and happy family home where they are cared for, educated and can find healing from trauma.

The Mission of Kalihukan sa Kaluoy, Inc. Residential project is to provide both a family and safe haven for rescued Street Children, through our dedicated children's homes.

We provide a programme which includes emotional, physical, social, educational and spiritual dimensions of well-being. Through this multi-faceted approach, we are able to achieve one of our most important values which is to provide a service that encourages and allows for the healing of these children holistically.

Helping children regain their lost years is at the centre of our work. This is done through the provision of professional intervention concentrated on education, play and health care.

Our overarching aim is to help each child in our care achieve their full potential, giving them the opportunity to

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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live the rest of their lives free from the involuntary poverty into which they were born.

Accomplishments

Education

- 5 new enrolled clients in regular classes.
- 6 homeschooled clients moved up their level
- 1 of our children was enrolled in ALS Programme
- 15 teenagers attended a Family Planning Seminar

Life Skills

- 2 of our boys received their NC2 certificate for successfully completing the Intensive training for Driving.
- Our children learnt how to soap carve, did urban gardening, as well as the boys learning how to make extension wires .

Reunification / Independent Living

- 4 of our clients are in Independent Living programme
- 1 of our clients was reunified with his family

Civic Participation

- 8 of our clients were assisted to register to vote
- All of our clients were registered for National Identification
- 7 of our children had a successful late birth registration

Daily Operations

- 53,178 meals were served
- 38 birthdays were celebrated
- Regular family meetings and devotionals were conducted

Schooling Programme

Our Schooling Programme provides equal opportunities through education to underprivileged children and youth in the community of Talisay with no certain exemplary grade requirement. These children are identified as the most vulnerable in the community where they are living under the poverty threshold, with some placed at risk. 405 scholars were supported with home schooling during the continued complete closure of schools. Food packages were supplied to all families on a fortnightly basis.

**Fundraising activities and income generation**

Due to the continued restraints of COVID 19 and social distancing etc, our usual fundraising events were postponed or cancelled. However, individual giving was upheld and overall operations were not affected.

**Financial review**

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Reserves policy

The Trustees have agreed that Mercy in Action's reserve policy is three months of our annual turnover. 2021 is the first year this was achieved.

Investment policy

Mercy in Action's MIP is to invest in growing our own portfolio of properties and to further invest in the growth of our highly successful and profitable Retail outlets.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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Principal funding

Mercy in Action's principal funding is by way of our Trading Company which operates a chain of 30 successful Charity Retail Outlets. Additionally, Housing benefit, grants and funding are received to operate the Petra Houses. Storage facilities located at our warehouse provide extra funding.

Principal risks and uncertainties:

In 2021 Mercy in Action engaged Risk Consultants to work with us to capture all risks and develop a robust system to update our Risk Register.

We are aware of the challenges we face in these unprecedented times and are remaining vigilant and flexible to enable us to respond swiftly to the challenges and increase in use that our services are seeing.

A risk register is held which is updated on an ongoing basis and is presented to and reviewed by the Board regularly.

The key risks identified in our risk register are prioritised in terms of potential impact and likelihood of occurrence. We consider ways of mitigating the risks and identify a lead member of the Senior Management Team responsible for taking necessary actions. The Board recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial risk management objectives and policies

- Appropriate authorisation levels and segregation of accounting duties
- Policies in respect of preventing, detecting and investigating fraud
- Preparation of cashflow forecasts and budgets which allow the Board and Senior Management Team to monitor the key business risks and financial objectives and identify variances arising during the monthly and quarterly reporting cycles.
- Investing sufficiently in back office functions and new technology to ensure our organisation is robust and fit for future challenges
- A framework of key performance indicators and regular reporting to the Senior Management Team, sub-committees and the Board, to ensure that any control issues are identified, and that corrective action is taken.
- Annual external audit which produces a management letter to the Audit and Finance Sub-Committee on any internal control issues identified during the course of the audit.
- Programme of third party provided internal audit which provides reports to the Audit and Finance Sub-Committee on any internal control issues identified during the course of each internal audit.

**Structure, governance and management**

Constitution

Mercy In Action is registered as a charitable company limited by guarantee and was set up by a Trust deed.

Methods of appointment or election of Trustees

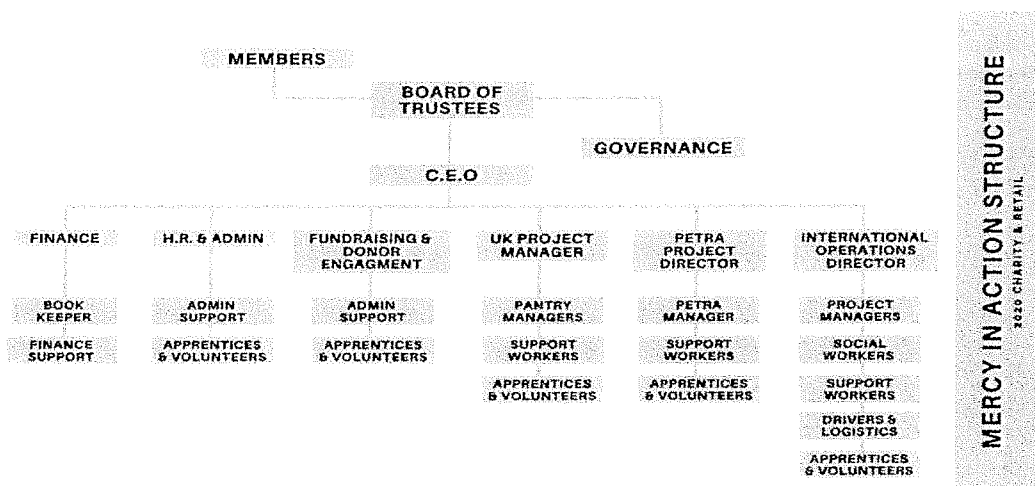
The management of the Group and the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.



**MERCY IN ACTION**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

Organisational structure and decision-making policies:



Policies adopted for the induction and training of Trustees

Prospective Trustees are identified by the Board and Senior Management Team. These are put forward to the Members who make the final decision.

All Trustees are issued with Charity Commission guidelines on their duties and MiA policies on the behaviour and expectations of Trustees. They spend time with particular teams to understand the day to day running and operations of Mercy in Action.

Pay policy for key management personnel, no staff remuneration was above £40,000

Trustees' indemnities: Full indemnity insurance is held.

**Plans for future periods**

The Trustees, CEO and Senior Management Team have identified several areas to develop in the coming year.

- Expand and develop Safeguarding across all retail outlets, this will necessitate an increase in Safeguarding supervision and a designated Safeguarding Lead will be employed in addition to current provision.
- To hold a Vision Day to gather key staff, partners, funders and others to help look at how we can increase our influence and to plan a fresh 5 year strategy out of the information gathered.
- Mercy in Action will need to vacate our current headquarters due to a planned redevelopment of the site. This will require increased investment financially, time wise and staffing.
- Purchase of a retail unit to house Bath Pantry.
- Purchase of an additional residential Centre in the Philippines to create a more sustainable model.
- To identify and open four more Retail outlets.
- To develop space above a current shop to turn it into a safe space for women.
- Lease a warehouse and offices
- As 80% of Oxford Petra house are in employment, they are able to access local authority assistance. A decision will be made to change this house to a mother and baby unit.
- Petra to open an additional house in Bath

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

**Auditors**

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 23/09/22 and signed on its behalf by:



**H J Law**  
Trustee

**MERCY IN ACTION  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' 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 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 affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Approved by order of the members of the board of Trustees on  
23/09/22 and signed on its behalf by:



**H J Law**  
Trustee

**MERCY IN ACTION  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION**

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**OPINION**

We have audited the financial statements of Mercy In Action (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, 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 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 Group's and of the parent charitable company's affairs as at 31 December 2021 and of the Group's 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 and the Charities Act 2011.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

**MERCY IN ACTION  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION (CONTINUED)**

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**OTHER INFORMATION**

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

We have nothing to report in this regard.

**OPINION 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our 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 Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Trustees' responsibilities statement, 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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION (CONTINUED)**

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**AUDITORS' 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We have considered the nature of the industry and sector, control environment and business performance of the entity;
- We have considered the results of our enquiries with management and the directors to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the areas of high risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Reporting Standard 102 and UK tax legislation. In addition, we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Company's ability to operate or avoid a material penalty. These included health and safety regulations; employment legislation; and data protection laws.

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;  
Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION (CONTINUED)**

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further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**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, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**David Butler FCA DChA (Senior statutory auditor)**

for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
10 Temple Back  
Bristol  
BS1 6FL

Date: 28 September 2022

**MERCY IN ACTION**  
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|                                    | Note | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>funds<br>2021<br>£ | Total<br>funds<br>2020<br>£ |
|------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>INCOME FROM:</b>                |      |                                    |                                  |                             |                             |
| Donations and legacies             | 3    | 691,677                            | 156,386                          | 848,063                     | 1,033,926                   |
| Charitable activities              | 4    | -                                  | 226,696                          | 226,696                     | 203,268                     |
| Other trading activities           | 5    | 2,450,749                          | -                                | 2,450,749                   | 1,518,637                   |
| <b>TOTAL INCOME</b>                |      | <b>3,142,426</b>                   | <b>383,082</b>                   | <b>3,525,508</b>            | <b>2,755,831</b>            |
| <b>EXPENDITURE ON:</b>             |      |                                    |                                  |                             |                             |
| Raising funds                      |      | 1,967,632                          | 323                              | 1,967,955                   | 1,561,343                   |
| Charitable activities              | 6    | 739,302                            | 450,799                          | 1,190,101                   | 957,596                     |
| <b>TOTAL EXPENDITURE</b>           |      | <b>2,706,934</b>                   | <b>451,122</b>                   | <b>3,158,056</b>            | <b>2,518,939</b>            |
| <b>NET MOVEMENT IN FUNDS</b>       |      | <b>435,492</b>                     | <b>(68,040)</b>                  | <b>367,452</b>              | <b>236,892</b>              |
| <b>RECONCILIATION OF FUNDS:</b>    |      |                                    |                                  |                             |                             |
| Total funds brought forward        |      | 494,146                            | 68,040                           | 562,186                     | 325,294                     |
| Net movement in funds              |      | 435,492                            | (68,040)                         | 367,452                     | 236,892                     |
| <b>TOTAL FUNDS CARRIED FORWARD</b> |      | <b>929,638</b>                     | <b>-</b>                         | <b>929,638</b>              | <b>562,186</b>              |

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 31 form part of these financial statements.



**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:04627969**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

|   | Note | 2021<br>£             | 2020<br>£             |
|---|------|-----------------------|-----------------------|
| <b>FIXED ASSETS</b>                                     |      |                       |                       |
| Tangible assets   | 10   | 111,905               | 126,345               |
|   |      | <u>111,905</u>        | <u>126,345</u>        |
| <b>CURRENT ASSETS</b>                                   |      |                       |                       |
| Debtors   | 12   | 212,765               | 219,694               |
| Cash at bank and in hand                                |      | 991,655               | 622,193               |
|   |      | <u>1,204,420</u>      | <u>841,887</u>        |
| Creditors: amounts falling due within one year          | 13   | (214,187)             | (188,546)             |
| <b>NET CURRENT ASSETS</b>                               |      | <u>990,233</u>        | <u>653,341</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |      | <u>1,102,138</u>      | <u>779,686</u>        |
| Creditors: amounts falling due after more than one year | 14   | (172,500)             | (217,500)             |
| <b>TOTAL NET ASSETS</b>                                 |      | <u><u>929,638</u></u> | <u><u>562,186</u></u> |
| <b>CHARITY FUNDS</b>                                    |      |                       |                       |
| Restricted funds  | 15   | -                     | 68,040                |
| Unrestricted funds                                      | 15   | 929,638               | 494,146               |
| <b>TOTAL FUNDS</b>                                      |      | <u><u>929,638</u></u> | <u><u>562,186</u></u> |

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

H J Law  
Trustee  
Date:

*H Law*  
23/09/22

The notes on pages 18 to 31 form part of these financial statements.

**MERCY IN ACTION  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER:04627969**

**COMPANY STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | Note | 2021<br>£      | 2020<br>£      |
|--|------|----------------|----------------|
| <b>FIXED ASSETS</b>                            |      |                |                |
| Tangible assets                                | 10   | 21,322         | 23,027         |
| Investments                                    | 11   | 1,000          | 1,000          |
|  |      | <u>22,322</u>  | <u>24,027</u>  |
| <b>CURRENT ASSETS</b>                          |      |                |                |
| Debtors  | 12   | 380,086        | 147,267        |
| Cash at bank and in hand                       |      | 432,694        | 374,187        |
|  |      | <u>812,780</u> | <u>521,454</u> |
| Creditors: amounts falling due within one year | 13   | (63,777)       | (97,632)       |
| <b>NET CURRENT ASSETS</b>                      |      | <u>749,003</u> | <u>423,822</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>   |      | <u>771,325</u> | <u>447,849</u> |
| <b>TOTAL NET ASSETS</b>                        |      | <u>771,325</u> | <u>447,849</u> |
| <b>CHARITY FUNDS</b>                           |      |                |                |
| Restricted funds                               | 15   | -              | 68,040         |
| Unrestricted funds                             | 15   | 771,325        | 379,809        |
| <b>TOTAL FUNDS</b>                             |      | <u>771,325</u> | <u>447,849</u> |

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 23 September 2022 and signed on their behalf by:



**H J Law**  
Trustee

The notes on pages 18 to 31 form part of these financial statements.

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | 2021<br>£       | 2020<br>£      |
|--|-----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                 |                |
| Net cash used in operating activities                      | <b>391,509</b>  | 327,821        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                 |                |
| Dividends, interests and rents from investments            | (8,457)         | 62             |
| Purchase of tangible fixed assets                          | (6,090)         | (8,222)        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>               | <b>(14,547)</b> | <b>(8,160)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                 |                |
| Cash inflows from new borrowing                            | -               | 225,000        |
| Repayments of borrowing                                    | (7,500)         | -              |
| <b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b> | <b>(7,500)</b>  | <b>225,000</b> |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>     | <b>369,462</b>  | <b>544,661</b> |
| Cash and cash equivalents at the beginning of the year     | <b>622,193</b>  | 77,532         |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>    | <b>991,655</b>  | 622,193        |

The notes on pages 18 to 31 form part of these financial statements

**MERCY IN ACTION  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. GENERAL INFORMATION**

Mercy in Action is a private company limited by guarantee incorporated in England and Wales. The registered office is 11 Foxcote Avenue, Peasedown St John, Bath, BA2 8SF.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mercy In Action meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

**2.2 GOING CONCERN**

After making appropriate enquires, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future.

The charity is in a strong financial position with healthy reserves. The cash balance as at 31 December 2021 was £991,665 and we consider that the charity holds sufficient funds to mitigate against the risks of any loss of income. The Trustees are reviewing the financial forecasts for 2022 on a regular basis. Therefore, although the effects of Covid-19 will clearly have some impact on the income received by the charity, they are in a financially resilient position to manage these risks. For this reason, it is considered appropriate to adopt the going concern basis in preparing the financial statements.

**2.3 INCOME**

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES (continued)**

**2.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

**2.5 GOVERNMENT GRANTS**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

**2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

|                       |   |                      |
|-----------------------|---|----------------------|
| Motor vehicles        | - | 25% reducing balance |
| Fixtures and fittings | - | 15% reducing balance |
| Computer equipment    | - | 15% reducing balance |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES (continued)**

**2.7 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**2.8 DEBTORS**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.9 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.10 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

**2.11 FINANCIAL INSTRUMENTS**

The Group only has financial assets and financial 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.12 OPERATING LEASES**

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight-line basis over the lease term.

**2.13 PENSIONS**

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. ACCOUNTING POLICIES (continued)**

**2.14 FUND ACCOUNTING**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**3. INCOME FROM DONATIONS AND GRANTS**

|                   | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>funds<br>2021<br>£ | Total<br>funds<br>2020<br>£ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations         | 222,269                            | 156,386                          | 378,655                     | 347,637                     |
| Covid Grants      | 303,525                            | -                                | 303,525                     | 338,015                     |
| Government Grants | 165,883                            | -                                | 165,883                     | 348,274                     |
|                   | <u>691,677</u>                     | <u>156,386</u>                   | <u>848,063</u>              | <u>1,033,926</u>            |
| TOTAL 2020        | <u>867,889</u>                     | <u>166,037</u>                   | <u>1,033,926</u>            |                             |

Government grant income received in the year relates entirely to Coronavirus Job Retention Scheme.

**4. INCOME FROM CHARITABLE ACTIVITIES**

|               | Restricted<br>funds<br>2021<br>£ | Total<br>funds<br>2021<br>£ | Total<br>funds<br>2020<br>£ |
|---------------|----------------------------------|-----------------------------|-----------------------------|
| PETRA project | 216,696                          | 216,696                     | 174,449                     |
| Grants        | 10,000                           | 10,000                      | 28,819                      |
|               | <u>226,696</u>                   | <u>226,696</u>              | <u>203,268</u>              |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. INCOME FROM OTHER TRADING ACTIVITIES**

**Income from fundraising events**

|                         | <b>Unrestricted<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|-------------------------|--|---------------------------------------|---------------------------------------|
| Mercy in Action Trading | 2,450,749                                    | 2,450,749                             | 1,518,637                             |

**6. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

|                       | <b>Activities<br/>undertaken<br/>directly<br/>2021<br/>£</b> | <b>Support<br/>costs<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|-----------------------|--|---|---------------------------------------|---------------------------------------|
| Charitable activities | 898,511  | 291,590                                 | 1,190,101                             | 957,596                               |
| TOTAL 2020            | 726,907  | 230,689                                 | 957,596                               |                                       |

**ANALYSIS OF DIRECT COSTS**

|                             | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|-----------------------------|---------------------------------------|---------------------------------------|
| Shop rental costs           | 397,656                               | 274,109                               |
| Shop rates                  | 24,375                                | 20,444                                |
| PETRA rental costs          | 110,739                               | 103,337                               |
| PETRA rates and other costs | 35,919                                | 24,632                                |
| Action Pantry project       | 25,705                                | 20,060                                |
| CEBU projects               | 304,117                               | 284,325                               |
|                             | 898,511                               | 726,907                               |



**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**ANALYSIS OF SUPPORT COSTS**

|                                  | <b>Support<br/>Activities<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2021<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|----------------------------------|--|---------------------------------------|---------------------------------------|
| Staff costs                      | 207,610                                      | <b>207,610</b>                        | 151,174                               |
| Depreciation                     | 4,732  | <b>4,732</b>                          | 4,267                                 |
| Staff training                   | 1,356  | <b>1,356</b>                          | 620                                   |
| General maintenance              | 21,866                                       | <b>21,866</b>                         | 15,444                                |
| Hotels, travel and subsistence   | 6,153  | <b>6,153</b>                          | 12,035                                |
| Printing, postage and stationery | 1,375  | <b>1,375</b>                          | 889                                   |
| Legal and professional           | 5,953  | <b>5,953</b>                          | 13,420                                |
| Sundry expenses                  | 10,233                                       | <b>10,233</b>                         | 4,241                                 |
| Events and fundraising           | 2,502  | <b>2,502</b>                          | 2,262                                 |
| Information technology           | 2,776  | <b>2,776</b>                          | 2,385                                 |
| Distribution                     | -  | -                                     | 11,952                                |
| Accounting services              | 10,971                                       | <b>10,971</b>                         | 8,683                                 |
| Bad debts                        | -  | -                                     | 613                                   |
| Cleaning                         | 415  | <b>415</b>                            | 180                                   |
| Governance Costs                 | 10,502                                       | <b>10,502</b>                         | -                                     |
| Bank Fees and Interest           | 5,146  | <b>5,146</b>                          | 2,524                                 |
|                                  | <b>291,590</b>                               | <b>291,590</b>                        | <b>230,689</b>                        |

**7. AUDITORS' REMUNERATION**

|  | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|--|-------------------|-------------------|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | <b>17,000</b>     | 11,661            |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. STAFF COSTS**

|  | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Company<br/>2021<br/>£</b> | <b>Company<br/>2020<br/>£</b> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries                                   | <b>1,383,956</b>            | 1,147,973                   | <b>193,765</b>                | 148,320                       |
| Social security costs                                | <b>68,541</b>               | 1,516                       | <b>11,215</b>                 | 1,516                         |
| Contribution to defined contribution pension schemes | <b>16,337</b>               | 10,315                      | <b>2,630</b>                  | 1,338                         |
|  | <b><u>1,468,834</u></b>     | <u>1,159,804</u>            | <b><u>207,610</u></b>         | <u>151,174</u>                |

The average number of persons employed by the Company during the year was as follows:

|           | <b>Group<br/>2021<br/>No.</b> | <b>Group<br/>2020<br/>No.</b> | <b>Company<br/>2021<br/>No.</b> | <b>Company<br/>2020<br/>No.</b> |
|-----------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Employees | <b>123</b>                    | 99                            | <b>12</b>                       | 12                              |

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

The key management personnel of the Charity comprise the Trustees (who do not receive remuneration for their role as a Trustee), the CEO, Warehouse Manager and the retail head of admin and HR. The total amount of employee benefits (including Employer pension contributions received by key management personnel for their services to the Charity was £70,039 (2020: £77,772).

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. TRUSTEES' REMUNERATION AND EXPENSES**

During the year ended 31 December 2021, expenses totalling £3,191 were reimbursed or paid directly to 3 Trustees (2020 - £4,522 to 3 Trustees). These all related to either travel costs or reimbursement of costs incurred that were relevant for the charity.

**10. TANGIBLE FIXED ASSETS**

**GROUP**

|                          | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|--------------------------|------------------------|-------------------------------|----------------------------|------------|
| <b>COST OR VALUATION</b> |                        |                               |                            |            |
| At 1 January 2021        | 12,600                 | 161,964                       | 12,671                     | 187,235    |
| Additions                | -                      | 5,298                         | 792                        | 6,090      |
| At 31 December 2021      | 12,600                 | 167,262                       | 13,463                     | 193,325    |
| <b>DEPRECIATION</b>      |                        |                               |                            |            |
| At 1 January 2021        | 9,611                  | 47,319                        | 3,960                      | 60,890     |
| Charge for the year      | 1,268                  | 17,837                        | 1,425                      | 20,530     |
| At 31 December 2021      | 10,879                 | 65,156                        | 5,385                      | 81,420     |
| <b>NET BOOK VALUE</b>    |                        |                               |                            |            |
| At 31 December 2021      | 1,721                  | 102,106                       | 8,078                      | 111,905    |
| At 31 December 2020      | 2,989                  | 114,645                       | 8,711                      | 126,345    |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. TANGIBLE FIXED ASSETS (CONTINUED)**

**COMPANY**

|                          | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|--------------------------|------------------------|-------------------------------|----------------------------|------------|
| <b>COST OR VALUATION</b> |                        |                               |                            |            |
| At 1 January 2021        | 12,600                 | 24,318                        | 5,423                      | 42,341     |
| Additions                | -                      | 2,235                         | 792                        | 3,027      |
| At 31 December 2021      | 12,600                 | 26,553                        | 6,215                      | 45,368     |
| <b>DEPRECIATION</b>      |                        |                               |                            |            |
| At 1 January 2021        | 9,611                  | 7,578                         | 2,125                      | 19,314     |
| Charge for the year      | 1,268                  | 2,851                         | 613                        | 4,732      |
| At 31 December 2021      | 10,879                 | 10,429                        | 2,738                      | 24,046     |
| <b>NET BOOK VALUE</b>    |                        |                               |                            |            |
| At 31 December 2021      | 1,721                  | 16,124                        | 3,477                      | 21,322     |
| At 31 December 2020      | 2,989                  | 16,740                        | 3,298                      | 23,027     |

**11. FIXED ASSET INVESTMENTS**

| <b>COMPANY</b>           | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£</b> |
|--------------------------|--|
| <b>COST OR VALUATION</b> |  |
| At 1 January 2021        | 1,000  |
| At 31 December 2021      | 1,000  |
| <b>NET BOOK VALUE</b>    |  |
| At 31 December 2021      | 1,000  |
| At 31 December 2020      | 1,000  |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**FIXED ASSET INVESTMENTS (CONTINUED)**

**PRINCIPAL SUBSIDIARIES**

The following was a subsidiary undertaking of the Company:

| <b>Name</b>             | <b>Company number</b> | <b>Registered office or principal place of business</b>           | <b>Principal activity</b> |
|-------------------------|-----------------------|---|---------------------------|
| Mercy in Action Trading | 11025273              | Jubilee Centre, Lower Bristol Road, Bath, United Kingdom, BA2 9ES | Retail Sales              |

| <b>Class of shares</b> | <b>Holding</b> | <b>Included in consolidation</b> |
|------------------------|----------------|----------------------------------|
| Ordinary               | 100%           | Yes                              |

The financial results of the subsidiary for the year were:

| <b>Name</b>             | <b>Income<br/>£</b> | <b>Expenditure<br/>£</b> | <b>Profit/(Loss)<br/>for the year<br/>£</b> | <b>Net assets<br/>£</b> |
|-------------------------|---------------------|--------------------------|---|-------------------------|
| Mercy in Action Trading | 2,596,070           | (2,324,854)              | 271,216                                     | 386,553                 |

**12. DEBTORS**

|                                    | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Company<br/>2021<br/>£</b> | <b>Company<br/>2020<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <b>DUE WITHIN ONE YEAR</b>         |                             |                             |                               |                               |
| Trade debtors                      | 16,283                      | 15,018                      | 2,174                         | 802                           |
| Amounts owed by group undertakings | -                           | -                           | 283,119                       | 10,088                        |
| Other debtors                      | 26,959                      | 57,349                      | 26,959                        | 47,261                        |
| Prepayments and accrued income     | 77,962                      | 116,759                     | 67,834                        | 89,116                        |
| Tax recoverable                    | 91,561                      | 30,568                      | -                             | -                             |
|                                    | <b>212,765</b>              | <b>219,694</b>              | <b>380,086</b>                | <b>147,267</b>                |

**MERCY IN ACTION**  
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**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Company<br/>2021<br/>£</b> | <b>Company<br/>2020<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans                         | <b>45,000</b>               | 7,500                       | -                             | -                             |
| Trade creditors                    | <b>29,577</b>               | 100,719                     | <b>12,088</b>                 | 81,415                        |
| Other taxation and social security | <b>59,177</b>               | 8,700                       | <b>31,421</b>                 | 1,011                         |
| Other creditors                    | <b>44,677</b>               | 7,836                       | <b>5,869</b>                  | 732                           |
| Accruals and deferred income       | <b>35,756</b>               | 63,791                      | <b>14,399</b>                 | 14,474                        |
|                                    | <b>214,187</b>              | 188,546                     | <b>63,777</b>                 | 97,632                        |

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|            | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> |
|------------|-----------------------------|-----------------------------|
| Bank loans | <b>172,500</b>              | 217,500                     |

The balance included above is the Coronavirus Business Interruption Loan Scheme. The loan term is over 5 years with repayment instalments which commenced 13 months from the date of drawdown. Interest is charged on the Base Rate plus 1.98%. The loan is secured by way of a fixed charge over the assets of the company.

Included within the above are amounts falling due as follows:

|                                   | <b>Group<br/>2021<br/>£</b> | <b>Group<br/>2020<br/>£</b> |
|-----------------------------------|-----------------------------|-----------------------------|
| <b>BETWEEN ONE AND TWO YEARS</b>  |                             |                             |
| Bank loans                        | <b>45,000</b>               | 45,000                      |
| <b>BETWEEN TWO AND FIVE YEARS</b> |                             |                             |
| Bank loans                        | <b>127,500</b>              | 135,000                     |
| <b>OVER FIVE YEARS</b>            |                             |                             |
| Bank loans                        | -                           | 37,500                      |

**MERCY IN ACTION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

|                           | Balance at 1<br>January<br>2021<br>£ | Income<br>£      | Expenditure<br>£   | Balance at<br>31 December<br>2021<br>£ |
|---------------------------|--------------------------------------|------------------|--------------------|--|
| <b>UNRESTRICTED FUNDS</b> |                                      |                  |                    |  |
| General Funds             | 379,809                              | 546,356          | (382,080)          | 544,085                                |
| Mercy In Action Trading   | 114,337                              | 2,596,070        | (2,324,854)        | 385,553                                |
|                           | <u>494,146</u>                       | <u>3,142,426</u> | <u>(2,706,934)</u> | <u>929,638</u>                         |
| <b>RESTRICTED FUNDS</b>   |                                      |                  |                    |  |
| Cebu Project              | 68,040                               | 77,737           | (145,777)          | -                                      |
| PETRA Housing Project     | -                                    | 241,760          | (241,760)          | -                                      |
| Other Projects            | -                                    | 63,585           | (63,585)           | -                                      |
|                           | <u>68,040</u>                        | <u>383,082</u>   | <u>(451,122)</u>   | <u>-</u>                               |
| <b>TOTAL OF FUNDS</b>     | <u>562,186</u>                       | <u>3,525,508</u> | <u>(3,158,056)</u> | <u>929,638</u>                         |

**STATEMENT OF FUNDS - PRIOR YEAR**

|                           | Balance at<br>1 January<br>2020<br>£ | Income<br>£      | Expenditure<br>£   | Balance at<br>31 December<br>2020<br>£ |
|---------------------------|--------------------------------------|------------------|--------------------|--|
| <b>UNRESTRICTED FUNDS</b> |                                      |                  |                    |  |
| General Funds             | 304,039                              | 2,652,981        | (2,462,874)        | 494,146                                |
| <b>RESTRICTED FUNDS</b>   |                                      |                  |                    |  |
| Restricted Funds          | 21,255                               | 72,852           | (26,067)           | 68,040                                 |
| <b>TOTAL OF FUNDS</b>     | <u>325,294</u>                       | <u>2,725,833</u> | <u>(2,488,941)</u> | <u>562,186</u>                         |

**MERCY IN ACTION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. STATEMENT OF FUNDS (CONTINUED)**

Restricted funds relate to Other Projects, Petra Housing project and CEBU projects in the Philippines.

**Cebu Projects**

The purpose of this fund is to support MIA's commitment to children and families in the Philippines. 404 children supported through school and college, three children's homes caring for abandoned and orphaned children. Working with families to bring lasting change.

**PETRA Project**

Four houses offering supported living to young women and their babies facing homelessness.

**Other Projects**

Our Pantry foodbanks allow households struggling financially to access good quality, nutritious food on a weekly basis. Our projects support families with clothing, furniture, and household goods.

**16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | Group<br>2021<br>£ | Group<br>2020<br>£ |
|--|--------------------|--------------------|
| Net income for the year (as per Statement of Financial Activities) | <b>367,452</b>     | 236,892            |
| <b>ADJUSTMENTS FOR:</b>  |                    |                    |
| Depreciation charges   | <b>20,530</b>      | 22,770             |
| Dividends, interests and rents from investments                    | <b>8,457</b>       | (62)               |
| Decrease/(increase) in debtors                                     | <b>6,929</b>       | (26,340)           |
| Increase/(decrease) in creditors                                   | <b>(11,859)</b>    | 94,561             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                   | <b>391,509</b>     | 327,821            |

**17. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|  | Group<br>2021<br>£ | Group<br>2020<br>£ |
|--|--------------------|--------------------|
| Cash in hand                           | <b>991,655</b>     | 622,193            |
| <b>TOTAL CASH AND CASH EQUIVALENTS</b> | <b>991,655</b>     | 622,193            |



**MERCY IN ACTION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. ANALYSIS OF CHANGES IN NET DEBT**

|                          | At 1<br>January<br>2021<br>£ | Cash flows<br>£ | Other non-<br>cash<br>changes<br>£ | At 31<br>December<br>2021<br>£ |
|--------------------------|------------------------------|-----------------|------------------------------------|--------------------------------|
| Cash at bank and in hand | 622,193                      | 369,462         | -                                  | 991,655                        |
| Debt due within 1 year   | (7,500)                      | -               | (37,500)                           | (45,000)                       |
| Debt due after 1 year    | (217,500)                    | -               | 45,000                             | (172,500)                      |
|                          | <u>397,193</u>               | <u>369,462</u>  | <u>7,500</u>                       | <u>774,155</u>                 |

**19. PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £16,337 (2020 - £10,315). Contributions totalling £9,137 (2020: £4,121) were payable to the fund at the balance sheet date and are included in creditors.

**20. OPERATING LEASE COMMITMENTS**

At 31 December 2021 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|  | Group<br>2021<br>£ | Group<br>2020<br>£ | Company<br>2021<br>£ | Company<br>2020<br>£ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year                        | 407,323            | -                  | 407,323              | -                    |
| Later than 1 year and not later than 5 years | 880,705            | -                  | 880,705              | -                    |
| Later than 5 years                           | 502,008            | -                  | 502,008              | -                    |
|  | <u>1,790,036</u>   | <u>-</u>           | <u>1,790,036</u>     | <u>-</u>             |

**21. RELATED PARTY TRANSACTIONS**

In the year the charity paid rent of £46,772 (2020: £46,250) to LT Jones Properties Limited, a company of which Mr T R Jones is a director. The transactions were completed as an arm's length transaction with rent paid at normal commercial rate. There were no balances outstanding at 31 December 2021.

**22. CONTROLLING PARTY**

There is no controlling party.



