

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 2022

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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 2022

Trustees	F H Clark S G Clelland, Chair A Farrands H J Law
Company registered number	04627969
Charity registered number	1096068
Registered office	11 Foxcote Avenue Peasedown St John Bath BA2 8SF
Chief executive officer	A Todd
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 10 Temple Back Bristol BS1 6FL

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustees present their annual report together with the audited financial statements of the Mercy In Action for the year 1 January 2022 to 31 December 2022. 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.
- V. Provision of household goods to women leaving refugees, or to families in need.
- VI. Job Creation and work experience for young people (looking to expand this in 2023)

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. Community support for families
- III. Day care for Street children
- IV. Supported housing for Care Leavers
- V. Work placements and work experience for young people.
- VI. Purchased property.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Grant-making policies

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

Volunteers

Post COVID, our bank of 260+ (a drop from previous years due to not taking on any new volunteers for 6 months in 2022 whilst we did an overhaul of our volunteer process) 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

We held a 2022 Vision Day to gather key staff, partners, funders and other stakeholders to help look at how we can increase our influence and to plan a fresh 5-year strategy from the information gathered.

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.

- All our Petra houses have accommodated 34 mums and 39 children.
- All locations continue to receive high number of referrals with all houses remaining high levels of occupancy.
- Bought property in Rush Hill April 2022 and started the process of renovations. The HMO 257 opened to clients on the 11th of July and is currently housing 1 male.

Oxford: Housing 6 new 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.

Action Pantry

Due to recruitment issues for a manager at Action Pantry Oxford, we relied heavily on volunteers and therefore membership number were lower than anticipated. We successfully recruited an experienced manager in November and memberships had risen from the low 30's to over 50 by December.

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.

A grandmother collecting food for her daughter and grandchild when we were short of meat and had to buy

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

food in: 'I wanted to say we really do appreciate you paying into the pantry yourself and all the work and help you give to families like my daughter'.

Key moments for our Pantry this year:

- Purchased a retail unit to house Bath Pantry to give the community lasting provisions and build their trust of our service.
- Refrigerator van continues to allow us a delivery service to the members of the pantry.
- 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 207 households (364 adults and 410 children). 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 toys that we were able to give to pantry children.
- An average of 90 households attended sessions each week.
- 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.
- The work of MiA in BANES was highlighted by news and radio, with interviews at the Pantry with the CEO.

Clothesline

Redistributing children's clothing to families.

Around 40 families a week used the clothesline, accessing free good quality clothing and school uniform.

During December 2021, 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. We continued to give assistance into 2022 to the asylum seekers.

We extended the clothesline into all our shop during November to give access to free warm clothing and coats to those in need. This was picked up by local news and some of our retail staff were interviewed.

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

The opportunity arose for KsK to purchase a property for £234,000 that they were already renting. After much research and consideration, it was decided that this was a good use of funds as it would give stability and sustainability to the project to be able to offer permanent provisions.

Accomplishments

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Education

- Purchased an additional residential Centre in the Philippines to create a more sustainable model.
- 2022 was the first year that children were allowed back into school post lockdown. Numbers didn't go up as much as expected as quite a few had moved or dropped off. It was challenging getting children back to school and reintroducing the daily feeding programme after such a long time with no classes but by the end of the year, it was running to previous capacity.
- Added 2 new teachers to the schooling team.
- Enrolled 34 in school.

Daily Operations

- 50,100+ meals were served.
- Regular family meetings and devotionals were conducted.

Life skills

- 4 clients graduated from Tennis summer camp.
- 8 finished swimming classes.
- One client matched with foster parents.

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. Food packages were supplied to all families on a fortnightly basis.

Mia's place

This year, we have used the kitchen space at Union Passage regularly for come and cook sessions, inviting clients from our pantry. Below is a quote from a mum of 3 who has attended a few of our sessions at Mia's place.

"Thank you so much for allowing me to be a little part of some of the things you do at Mia's place. You've done such a spectacular job there, it's so incredibly warm and welcoming, and in the very short period of time I've been visiting, you've all made me so comfortable. The cooking is fun, and the atmosphere you've created for everyone is great! I feel like it's a little bubble away from the real world for a few hours, there's no pressure to do or be anything, it's just a few hours of peace. You should all feel incredibly proud of yourselves, and I cannot wait to see what the future holds"

Financial review

The group received incoming resources of £4,538,761 (2021: £3,525,508) and incurred expenditure of £4,583,995 (2021: £3,158,056) resulting in net expenditure of £45,234 (2021: net income of £367,452). At the balance sheet date the group had reserves of £884,404 (2021: £929,638) of which £833,864 (2021: £929,628) are unrestricted.

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.

This was not achieved in 2022 due to investments into property, infrastructure, DBS checks for all staff, GDPR audit, a safeguarding lead and implementing thorough safeguarding for Charity and Trading to further

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

ensure that staff in all positions understood the importance of safeguarding and that it is everyone's responsibility.

Additionally, we embarked on an audit on all HR policies and outsourced to a regional company who have advised and updated all HR documents, policies, and procedures.

The risk register continues to be monitored continuously and is presented to the board quarterly.

In order to prepare for future growth, additional staff have been recruited for operations.

Despite receiving a £70,000 decant fee from the previous landlord; the warehouse move was more costly than we anticipated. However, the new premises will stand us in good stead for the future with a 10-year renewable lease.

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.

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

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

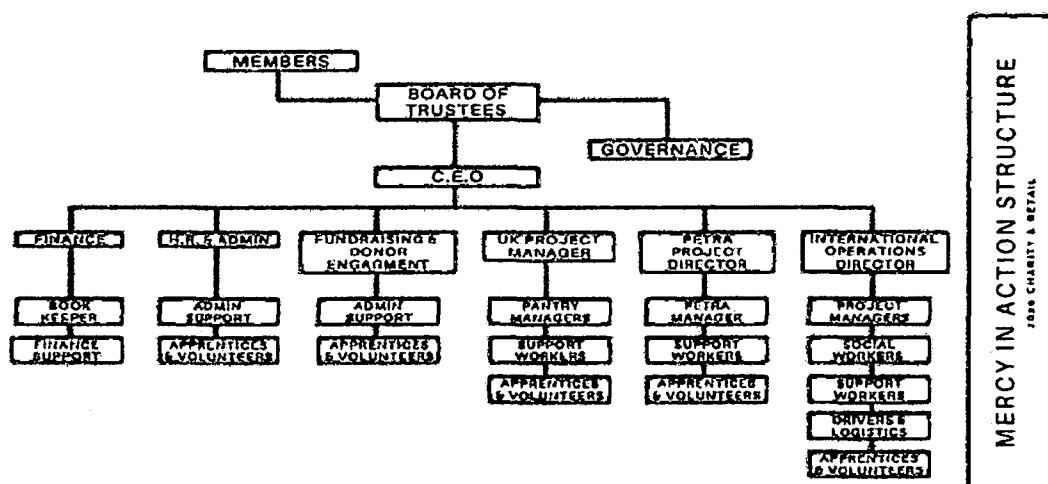
Constitution

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.

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 £60,000 (Highest was under £45,000)

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.

- To identify and open 8 more retail outlets.
- To further develop space above a current shop into offices whilst keeping sufficient space as a safe space for women only services (Mia's place).
- Look for a rental property for a permanent home for Oxford Pantry to enable our wider service to be offered to these clients.

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FOR THE YEAR ENDED 31 DECEMBER 2022

- To develop relations with local charities in the Bath area to be able to offer a wider number of provisions.
- Continue to invest and strengthen our infrastructure to ensure we are always following best practice in all areas.
- To recommence visits to overseas partners, especially in Sri Lanka where we had previously looked at committing to developing provisions for families with children with additional needs.
- Recruit a volunteer coordinator to ensure the wellbeing and safeguarding of all volunteers is at the forefront of all operations, with risk assessments to be conducted to ensure our vulnerable and under 18 volunteers are completely supported.
- Implement GDPR policies and procedures.
- Create a pay structure with branded job grades.
- Research HR management system.
- Create a central log of all policies.
- Introduce annual appraisals and performance monitoring to promote staff development and team performance.
- 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.

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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 26/09/23..... and signed on its behalf by:



H J Law
Trustee

MERCY IN ACTION
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

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 . 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
26/09/23 and signed on its behalf by:



H J Law
Trustee

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION

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 2022 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 2022 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.

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

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)

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,

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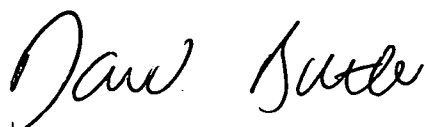
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION (CONTINUED)

misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the 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. 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 (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Date: *29 September 2023*

MERCY IN ACTION
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
INCOME FROM:					
Donations and legacies	3	539,716	128,470	668,186	848,063
Charitable activities	4	-	158,945	158,945	226,696
Other trading activities	5	3,711,630	-	3,711,630	2,450,749
TOTAL INCOME		4,251,346	287,415	4,538,761	3,525,508
EXPENDITURE ON:					
Raising funds		2,895,645	385	2,896,030	1,967,955
Charitable activities		1,451,475	236,490	1,687,965	1,190,101
TOTAL EXPENDITURE		4,347,120	236,875	4,583,995	3,158,056
NET MOVEMENT IN FUNDS		(95,774)	50,540	(45,234)	367,452
RECONCILIATION OF FUNDS:					
Total funds brought forward		929,638	-	929,638	562,186
Net movement in funds		(95,774)	50,540	(45,234)	367,452
TOTAL FUNDS CARRIED FORWARD		833,864	50,540	884,404	929,638

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

The notes on pages 18 to 33 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	10	212,341	111,905
		<u>212,341</u>	<u>111,905</u>
CURRENT ASSETS			
Debtors	12	548,007	212,765
Cash at bank and in hand		455,849	991,655
		<u>1,003,856</u>	<u>1,204,420</u>
Creditors: amounts falling due within one year	13	(204,543)	(214,187)
NET CURRENT ASSETS		<u>799,313</u>	<u>990,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,011,654</u>	<u>1,102,138</u>
Creditors: amounts falling due after more than one year	14	(127,250)	(172,500)
TOTAL NET ASSETS		<u><u>884,404</u></u>	<u><u>929,638</u></u>
CHARITY FUNDS			
Restricted funds	15	50,540	-
Unrestricted funds	15	833,864	929,638
TOTAL FUNDS		<u><u>884,404</u></u>	<u><u>929,638</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 on 26/09/23 and signed on their behalf by:



H J Law
Trustee

The notes on pages 18 to 33 form part of these financial statements.

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

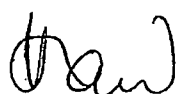
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	10	136,185	21,322
Investments	11	1,000	1,000
		<u>137,185</u>	<u>22,322</u>
CURRENT ASSETS			
Debtors	12	440,450	380,086
Cash at bank and in hand		264,427	432,694
		<u>704,877</u>	<u>812,780</u>
Creditors: amounts falling due within one year	13	(178,903)	(63,777)
NET CURRENT ASSETS		<u>525,974</u>	<u>749,003</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>663,159</u>	<u>771,325</u>
TOTAL NET ASSETS		<u>663,159</u>	<u>771,325</u>
CHARITY FUNDS			
Restricted funds	15	50,540	-
Unrestricted funds			
General funds	15	612,619	771,325
Total unrestricted funds	15	<u>612,619</u>	<u>771,325</u>
TOTAL FUNDS		<u>663,159</u>	<u>771,325</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 26/01/23 and signed on their behalf by:



H J Law
Trustee

The notes on pages 18 to 33 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 2022

	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	(355,612)	374,595
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interests and rents from investments	3,677	8,457
Purchase of tangible fixed assets	(138,871)	(6,090)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(135,194)	2,367
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	(45,000)	(7,500)
NET CASH USED IN FINANCING ACTIVITIES	(45,000)	(7,500)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	(535,806)	369,462
Cash and cash equivalents at the beginning of the year	991,655	622,193
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	455,849	991,655

The notes on pages 18 to 33 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 2022**

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 2022 was £455,849 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 on a regular basis and consider that they are in a financially resilient position to manage foreseeable 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 2022

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 £1,000 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 2022**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	519,154	128,470	647,624	378,655
Covid Grants	-	-	-	303,525
Government Grants	20,562	-	20,562	165,883
	<u>539,716</u>	<u>128,470</u>	<u>668,186</u>	<u>848,063</u>
TOTAL 2021	<u>691,677</u>	<u>156,386</u>	<u>848,063</u>	

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

4. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
PETRA project	158,945	158,945	216,696
Grants	-	-	10,000
	<u>158,945</u>	<u>158,945</u>	<u>226,696</u>

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. INCOME FROM OTHER TRADING ACTIVITIES

Income from fundraising events

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Mercy in Action Trading	3,684,847	3,684,847	2,450,749

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other income	26,783	26,783	-

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Charitable activities	1,269,692	418,273	1,687,965	1,190,101
TOTAL 2021	898,511	291,590	1,190,101	

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Total funds 2022 £	Total funds 2021 £
Shop rental costs	413,095	397,656
Shop rates	13,390	24,375
PETRA rental costs	109,724	110,739
PETRA rates and other costs	28,495	35,919
Action Pantry project	102,737	25,705
CEBU projects	602,251	304,117
	1,269,692	898,511

ANALYSIS OF SUPPORT COSTS

	Support Activities 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	265,839	265,839	207,610
Depreciation	5,361	5,361	4,732
Staff training	5,676	5,676	1,356
General maintenance	59,703	59,703	21,866
Hotels, travel and subsistence	18,920	18,920	6,153
Printing, postage and stationery	5,393	5,393	1,375
Legal and professional	21,173	21,173	16,455
Sundry expenses	16,108	16,108	10,233
Events and fundraising	2,972	2,972	2,502
Information technology	8,589	8,589	2,776
Accounting services	4,100	4,100	10,971
Cleaning	762	762	415
Bank Fees and Interest	3,677	3,677	5,146
	418,273	418,273	291,590

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19,700	17,000

8. STAFF COSTS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	1,914,660	1,383,956	247,229	193,765
Social security costs	116,199	68,541	15,425	11,215
Contribution to defined contribution pension schemes	25,928	16,337	3,185	2,630
	<u>2,056,787</u>	<u>1,468,834</u>	<u>265,839</u>	<u>207,610</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Employees	<u>132</u>	<u>123</u>	<u>19</u>	<u>12</u>

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 £113,270 (2021: £70,039).

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2021 - £6,240).

During the year ended 31 December 2022, expenses totalling £4,958 were reimbursed or paid directly to 2 Trustees (2021 - £3,191 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

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 January 2022	-	12,600	180,725	193,325
Additions	130,000	-	8,871	138,871
Disposals	-	(12,600)	(66,029)	(78,629)
At 31 December 2022	130,000	-	123,567	253,567
DEPRECIATION				
At 1 January 2022	-	10,879	70,541	81,420
Charge for the year	1,517	-	14,626	16,143
On disposals	-	(10,879)	(45,458)	(56,337)
At 31 December 2022	1,517	-	39,709	41,226
NET BOOK VALUE				
At 31 December 2022	128,483	-	83,858	212,341
At 31 December 2021	-	1,721	110,184	111,905

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 January 2022	-	12,600	32,768	45,368
Additions	130,000	-	1,872	131,872
Disposals	-	(12,600)	(22,763)	(35,363)
At 31 December 2022	130,000	-	11,877	141,877
DEPRECIATION				
At 1 January 2022	-	10,879	13,167	24,046
Charge for the year	1,517	-	3,844	5,361
On disposals	-	(10,879)	(12,836)	(23,715)
At 31 December 2022	1,517	-	4,175	5,692
NET BOOK VALUE				
At 31 December 2022	128,483	-	7,702	136,185
At 31 December 2021	-	1,721	19,601	21,322

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. FIXED ASSET INVESTMENTS

COMPANY	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2022	1,000
At 31 December 2021	1,000
NET BOOK VALUE	
At 31 December 2021	1,000
At 31 December 2020	1,000

PRINCIPAL SUBSIDIARIES

The following was a subsidiary undertaking of the Company:

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

Class of shares	Holding	Included in consolidation
Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) for the year £	Net assets £
Mercy in Action Trading	3,711,630	(3,313,438)	398,192	222,245

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. DEBTORS

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
DUE WITHIN ONE YEAR				
Trade debtors	99,432	16,283	80,978	2,174
Amounts owed by group undertakings	-	-	164,304	283,119
Other debtors	154,682	26,959	20,349	26,959
Prepayments and accrued income	206,024	77,962	174,819	67,834
Tax recoverable	87,869	91,561	-	-
	548,007	212,765	440,450	380,086

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	45,250	45,000	-	-
Trade creditors	49,431	29,577	18,992	12,088
Amounts owed to group undertakings	-	-	27,699	-
Other taxation and social security	29,295	59,177	119,597	31,421
Other creditors	46,413	44,677	5,615	5,869
Accruals and deferred income	34,154	35,756	7,000	14,399
	204,543	214,187	178,903	63,777

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Group 2022 £	Group 2021 £
Bank loans	127,250	172,500

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:

	Group 2022 £	Group 2021 £
BETWEEN ONE AND TWO YEARS		
Bank loans	45,000	45,000
BETWEEN TWO AND FIVE YEARS		
Bank loans	82,250	127,500

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
UNRESTRICTED FUNDS				
General Funds - all funds	771,325	539,716	(698,422)	612,619
Mercy In Action Trading	158,313	3,711,630	(3,648,698)	221,245
	<u>929,638</u>	<u>4,251,346</u>	<u>(4,347,120)</u>	<u>833,864</u>
RESTRICTED FUNDS				
Cebu Project	-	124,757	(124,757)	-
PETRA Housing Project	-	160,758	(110,218)	50,540
Other Projects	-	1,900	(1,900)	-
	<u>-</u>	<u>287,415</u>	<u>(236,875)</u>	<u>50,540</u>
TOTAL OF FUNDS	<u>929,638</u>	<u>4,538,761</u>	<u>(4,583,995)</u>	<u>884,404</u>

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
UNRESTRICTED FUNDS				
General Funds	379,809	546,356	(154,840)	771,325
Mercy In Action Trading	114,337	2,596,070	(2,552,094)	158,313
	<u>494,146</u>	<u>3,142,426</u>	<u>(2,706,934)</u>	<u>929,638</u>
RESTRICTED FUNDS				
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>
TOTAL OF FUNDS	<u>562,186</u>	<u>3,525,508</u>	<u>(3,158,056)</u>	<u>929,638</u>

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

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.

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Group 2022 £	Group 2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(45,234)	367,452
ADJUSTMENTS FOR:		
Depreciation charges	16,143	20,530
Dividends, interests and rents from investments	(3,677)	(8,457)
Loss on the sale of fixed assets	14,706	-
Decrease/(increase) in debtors	(335,242)	6,929
Decrease in creditors	(2,308)	(11,859)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(355,612)	374,595

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2022 £	Group 2021 £
Cash in hand	455,849	991,655
TOTAL CASH AND CASH EQUIVALENTS	455,849	991,655

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	991,655	(535,806)	-	455,849
Debt due within 1 year	(45,000)	(2,664)	2,414	(45,250)
Debt due after 1 year	(172,500)	-	45,250	(127,250)
	774,155	(538,470)	47,664	283,349

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 £25,690 (2021 - £16,337). Contributions totalling £13,363 (2021: £9,137) were payable to the fund at the balance sheet date and are included in creditors.

20. OPERATING LEASE COMMITMENTS

At 31 December 2022 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	462,642	407,323	462,642	407,323
Later than 1 year and not later than 5 years	1,189,696	880,705	1,189,696	880,705
Later than 5 years	536,865	502,008	536,865	502,008
	<u>2,189,203</u>	<u>1,790,036</u>	<u>2,189,203</u>	<u>1,790,036</u>

21. RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Company at 31 December 2022.

22. CONTROLLING PARTY

There is no controlling party.