

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS

	Page
Reference and administrative details of the Company, its Trustees and advisers	1
Trustees' report	2
Trustees' responsibilities statement	10
Independent auditors' report on the financial statements	11 - 14
Consolidated statement of financial activities	15
Consolidated balance sheet	16
Company balance sheet	17
Consolidated statement of cash flows	18
Notes to the financial statements	19 - 34

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 2023

Trustees F H Clark
S G Clelland, Chair (resigned 20 May 2023)
A Farrands (resigned 26 November 2023)
H J Law
R Bedicer (appointed 15 February 2023)
C Kinnear (appointed 26 November 2023)

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 2023

The Trustees present their annual report together with the audited financial statements of the Mercy In Action for the year 1 January 2023 to 31 December 2023. 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. Pantry style food banks in Bath, Radstock and Oxford for families on low incomes.
- III. Provision of free clothing for children aged 0-15 in Bath & NE Somerset.
- IV. Provision of household goods to women leaving refuges, or to families in need. V. Offering 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. 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.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Elsewhere:

- I. Supporting young people who would otherwise not continue their education after family bereavements.
- II. Working with young people with learning difficulties in Sri Lanka.

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 organizations in the Philippines. This is carried out by an annual budgeted agreement.

Volunteers

Our bank of 350 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.

The recruitment of a Volunteer Coordinator this year has enabled us to ensure wellbeing and safeguarding of all volunteers is at the forefront of all operations. The role includes conducting risk assessments to ensure all vulnerable and under 18 volunteers are fully supported.

Achievements and performance

Governance

A review and subsequent adoption of changes and updates to our Articles of Association were approved and accepted.

Infrastructure

- Auditing of IT service providers at every level.
- Developing the office provision in central Bath and our warehouse
- Staffology HR software bought, and training provided.
- A review and update of all GDPR practices and policies.
- Increased Safeguarding measures were rolled further to Trading and Charity.

Community

- Practical help given to agencies helping Asylum Seekers such as suitcases, clothing, toiletries.
- Providing toys, food, Christmas goods, clothing etc to several partner organisations such as Love Barton, Bristol Charities and Southside Family Project.
- Developments to further, good working relationships with relevant voluntary and statutory organisations and we feel our reputation and reach, especially in Bath and North East Somerset, Bristol and Oxford has increased significantly.

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 41 mums and 40 children. All locations continue to receive high number of referrals with all houses remaining high levels of occupancy.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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, MiA provides accessible nourishing food to people living in some of the most deprived areas in England.

Quote from a mother of 5 who no longer needed our services, sent this feedback: 'Thank you so much for the last year! We were in such a bad situation when we were referred to you in Oct 2022, you guys were warm and friendly. The Pantry has really been helpful to us every week.'

Key moment for our Pantry this year:

- The refrigerated van continues to allow a delivery service to Pantry members and to provide emergency deliveries when necessary.
- During the Christmas period MiA provided food for 335 households over the three pantries (378 adults and 386 children). They came in to choose Christmas food, took their normal weekly 'shop', in addition to being provided with meat, fresh fruit and vegetables to see them through the two weeks of Christmas.
- New toys and gifts were given to every child.
- An average of 91 households attended sessions each week at Bath Pantry.
- We have received over 69,000KG of food from FareShare South West, the majority of which is classed as 'surplus food', which we have collectively prevented from entering landfill.
- The work of MiA continues to be highlighted in news and radio, with interviews at the Pantry with the CEO.
- An average of 91 households attended sessions each week at Bath Pantry.
- The Oxford Pantry is fully staffed and operational and is seeing an average of 40 households a week.
- The Pantry in Radstock is seeing an average of 22 families a week.
- Across the three Pantries, MiA are increasing summer activities and looking to expand this further as it helps to signpost and assist families when we are able to interact with them more.

Clothesline

Redistributing children's clothing to families.

Roughly 60 families a week used the clothesline, accessing free good quality clothing and school uniform.

MiA have seen a significant increase in the number of families being referred by local authorities, midwives, health visitors, schools and partner organisations for emergency help with items such as clothing, bedding, toiletries, furniture, kitchenware etc. During 2023, we provided these items to over 70 households in emergency situations, roughly 130 individuals.

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.

Residential

Care

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.

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. The overarching aim is to help

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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.

Accomplishments

- 29 clients supported in residential care
- 3 homes
- 1 supported living home
- 2 foster families

Education

- Enrolled 34 clients in school with a personalised education plans for each client.

Daily Operations

- 36,000+ meals were served.
- Regular family meetings and devotionals were conducted.

Life skills

- 41 outings and workshops
- 4 clients graduated from Tennis summer camp
- 8 finished swimming classes

Moving on

- One client moved to a foster family
- 4 clients moving on into independent supported living outside KSK

School Programme – 350 scholars

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 and hot meals provided every school day.

A team of over 50 regular parent volunteers ensure all meals can be prepared and distributed at a low cost. The families of clients and wider community take ownership of the program and are very engaged stakeholders.

Daily Operations

- 497 clients from Grade 1 to University
- 5 University Graduates
- 54 clients given medical care

Feeding

- 20,946 meals served
- 1,066 food parcels
- 849 Christmas food parcels and gifts

Community Engagement

- 9 Interns
- 22 Workshops and meeting for Parents
- 55 regular parent volunteers (at least once per week)
- Child protection training and awareness for parents and clients

Drop-in Centre

The Drop-In Centre provides welfare services to children living on the street and out of school aged from 7 years old to 16 years old. The Drop-In Centre provides basic care for the children including food, hygiene,

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

clothing, health care, education, love and family reconciliation. The goal of the program is to see children live the way they deserve.

Accomplishments:

- 47 individual clients accessed the drop-in centre.
- Clients given medical support 237 times.
- 8 Staff training.
- 6,862 meals served.
- 61 Sports activities, workshops and outings.
- 6 Night Patrol
- Parents/family quarterly workshops

Mia's place

Mia's place was used regularly to encourage healthy eating and well-being. Collaborated with Focus to provide counselling space at Mia's place, these spaces were especially used for vulnerable girls and women.

Fundraising activities and income generation

Mercy in Action was grateful for all those who supported us throughout 2023, both financially and practically.

- FareShare South West
- M&S
- Sargeant Fund
- Salvation Army
- Genesis
- Wooden Spoon Charity
- Sainsburys
- Waitrose
- Nestle
- Free Masons
- Bath Hygiene Bank
- Crop Drop
- Avon Gleaning Network
- Local allotments
- Roots allotments
- Nandos
- Bath University

Financial review

2023 continued to provide challenges and unexpected costs. The extreme in weather patterns significantly affected sales and the ever-increasing inflation and cost of living led to costs running over budget.

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 considered the key risks to the sustainability of Mercy in Action and identified that being able to continue to fund core projects free from financial disruption is the principal objective. Having considered feasible threats, including to income, the trustees consider that the policy for reserves should be 6 months of net project costs (after deducting guaranteed income). This represents £446,561 based on the 2023 financial year delivery.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees have measured this target against "free reserves" which are defined as total reserves net of restricted, designated and illiquid funds (e.g. fixed assets). For the 2023 financial year this is £253,114 (reconciled as total funds of £484,373 less restricted funds of £7,819 and fixed assets of £223,440). The trustees note that this represents a shortfall of £193,447. The trustees have conducted a thorough operational and spending review during 2024 to optimise costs and generate savings that will be used to address this shortfall in the coming years.

Investments 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 38 successful Charity Retail Outlets with 6 new outlets being added in 2023. Additionally, Housing benefit, grants and funding are received to operate the Petra Houses. Storage facilities located at our warehouse provide additional unrestricted income. Child sponsorship programs provide part of the essential funding for KsK.

Principal risks and uncertainties:

The risk register is monitored continuously and is presented to the Board quarterly.

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, subcommittees, 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 Subcommittee 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 Subcommittee 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.

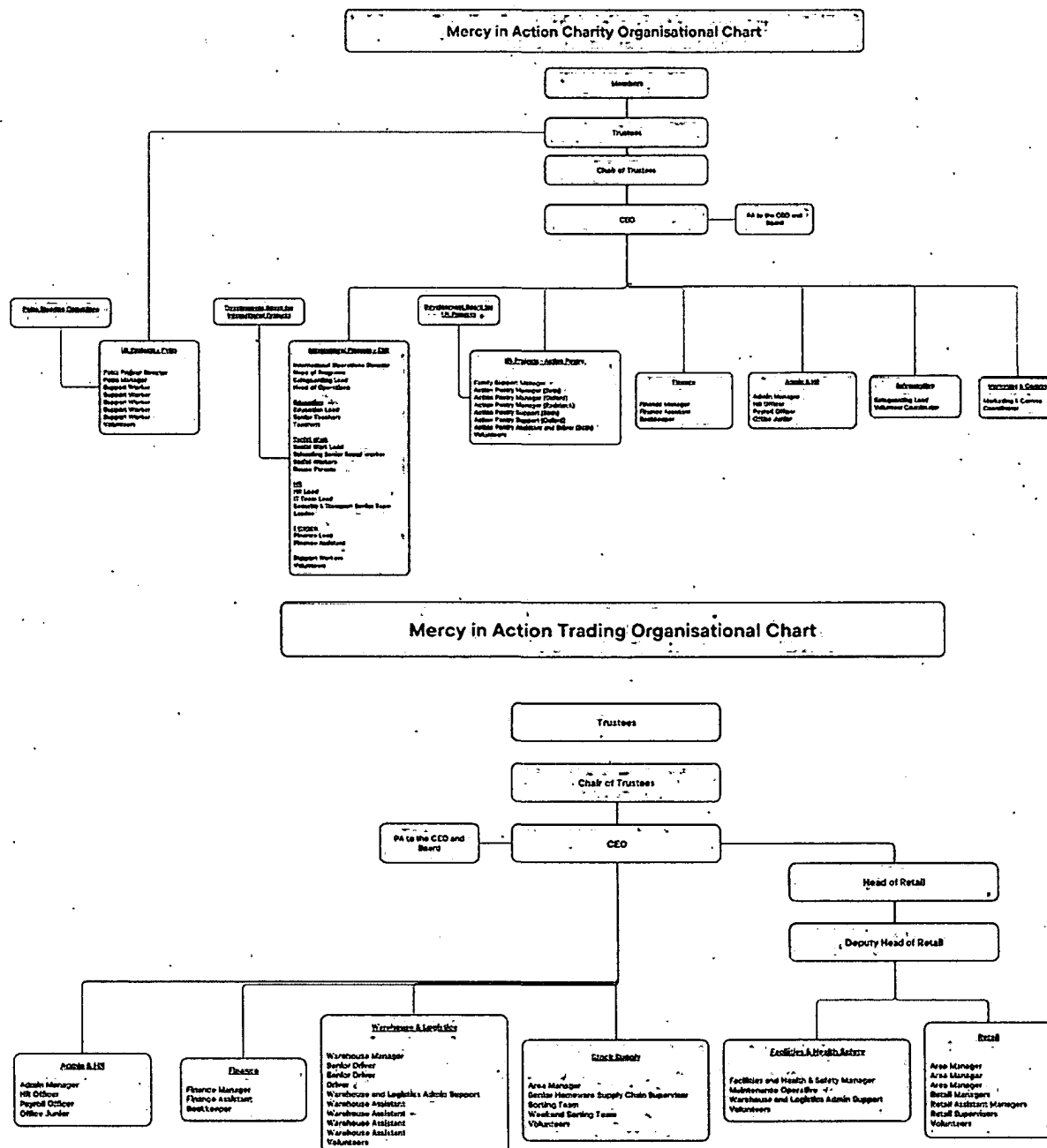
Methods of appointment or election of Trustees

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
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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 Trustees who make their recommendations to the Members who make the final decision and appoint new Trustees.

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.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Pay policy for key management personnel, no staff remuneration was above £60,000.

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 2 more retail outlets.
- To look at profitability and long-term sustainability of shops and consider closing lower performing stores.
- To further strengthen partnership with overseas partners especially the Philippines, Sri Lanka and India as well as visiting Zambia and Mozambique to investigate opportunities.
- To continue to develop and strengthen Staffology, recruitment and retainment of staff by investigating and implementing additional policies, procedures, and improved employment practices.
- To develop collaborative partnerships with local organisations in appropriate locations to enable maximum impact together. This will include expanding our Clothesline project with minimal outlay and maximum impact.
- Fundraising events to expand further and actively pursue opportunities starting with fashion shows and popup stalls at local festivals.
- Petra: to further expand by converting a current building into three self-contained homes, it is hoped that outside funding will be able to facilitate this.
- To restructure to ensure we are not over-employing centrally and are keeping our overheads within our budgets including brining payroll back 'in-house'.
- Mercy in Action and Southside Family Project will be working collaboratively to run an after-school hub in Twerton, where many of our service users are based. The after-school hub will provide activities for the children and a hot meal for the entire family, there will be support workers and other signposting opportunities for the families.
- Planning to consolidate Oxford Pantry operations by collaborating with other Oxford-based charities to provide a more holistic and economical service.

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 19/8/24..... 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 2023

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
19/8/24 and signed on its behalf by:



H J Law
Trustee

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 2023 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 2023 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,

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

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.



Chris Trantham FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Date: 27 August 2024

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
INCOME FROM:					
Donations and legacies	3	409,253	171,173	580,426	668,186
Charitable activities	4	-	239,928	239,928	158,945
Other trading activities	5	4,394,135	-	4,394,135	3,711,630
TOTAL INCOME		4,803,388	411,101	5,214,489	4,538,761
EXPENDITURE ON:					
Raising funds		4,496,728	4,741	4,501,469	3,309,125
Charitable activities		663,970	449,081	1,113,051	1,274,870
TOTAL EXPENDITURE		5,160,698	453,822	5,614,520	4,583,995
NET MOVEMENT IN FUNDS		(357,310)	(42,721)	(400,031)	(45,234)
RECONCILIATION OF FUNDS:					
Total funds brought forward		833,864	50,540	884,404	929,638
Net movement in funds		(357,310)	(42,721)	(400,031)	(45,234)
TOTAL FUNDS CARRIED FORWARD		476,554	7,819	484,373	884,404

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

The notes on pages 19 to 34 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	223,440	212,341
		<u>223,440</u>	<u>212,341</u>
CURRENT ASSETS			
Debtors	12	458,909	548,007
Cash at bank and in hand		265,602	455,849
		<u>724,511</u>	<u>1,003,856</u>
Creditors: amounts falling due within one year	13	(381,078)	(204,543)
NET CURRENT ASSETS		<u>343,433</u>	<u>799,313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>566,873</u>	<u>1,011,654</u>
Creditors: amounts falling due after more than one year	14	(82,500)	(127,250)
TOTAL NET ASSETS		<u><u>484,373</u></u>	<u><u>884,404</u></u>
CHARITY FUNDS			
Restricted funds	15	7,819	50,540
Unrestricted funds	15	476,554	833,864
TOTAL FUNDS		<u><u>484,373</u></u>	<u><u>884,404</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 19/8/24 and signed on their behalf by:



H J Law
Trustee

The notes on pages 19 to 34 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 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	137,115	136,185
Investments	11	1,000	1,000
		<u>138,115</u>	<u>137,185</u>
CURRENT ASSETS			
Debtors	12	393,668	440,450
Cash at bank and in hand		151,497	264,427
		<u>545,165</u>	<u>704,877</u>
Creditors: amounts falling due within one year	13	(200,597)	(178,903)
NET CURRENT ASSETS		<u>344,568</u>	<u>525,974</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>482,683</u>	<u>663,159</u>
TOTAL NET ASSETS		<u>482,683</u>	<u>663,159</u>
CHARITY FUNDS			
Restricted funds	15	-	50,540
Unrestricted funds			
General funds	15	482,683	612,619
Total unrestricted funds	15	<u>482,683</u>	<u>612,619</u>
TOTAL FUNDS		<u>482,683</u>	<u>663,159</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 19/8/24 and signed on their behalf by:



H J Law
Trustee

The notes on pages 19 to 34 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 2023

	2023 £	2022 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	(119,376)	(355,612)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interests and rents from investments	3,089	3,677
Purchase of tangible fixed assets	(28,960)	(138,871)
NET CASH USED IN INVESTING ACTIVITIES	(25,871)	(135,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	(45,000)	(45,000)
NET CASH USED IN FINANCING ACTIVITIES	(45,000)	(45,000)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	(190,247)	(535,806)
Cash and cash equivalents at the beginning of the year	455,849	991,655
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	265,602	455,849

The notes on pages 19 to 34 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 2023**

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 2023 was £265,602 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 2023

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:

Long-term leasehold property	-	2% reducing balance
Fixtures and fittings	-	(15-25%) reducing balance

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023

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 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	390,648	171,173	561,821	647,624
Government Grants	18,605	-	18,605	20,562
	<u>409,253</u>	<u>171,173</u>	<u>580,426</u>	<u>668,186</u>
TOTAL 2022	<u>539,716</u>	<u>128,470</u>	<u>668,186</u>	

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

4. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
PETRA project	219,928	219,928	158,945
Grants	20,000	20,000	-
	<u>239,928</u>	<u>239,928</u>	<u>158,945</u>

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. INCOME FROM OTHER TRADING ACTIVITIES

Income from fundraising activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Mercy in Action Trading	4,363,242	4,363,242	3,684,847

Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Other income	30,893	30,893	26,783

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Charitable activities	617,343	495,708	1,113,051	1,274,870
TOTAL 2022	856,597	418,273	1,274,870	

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Total funds 2023 £	Total funds 2022 £
Shop rental costs	233,569	-
Shop rates	(218,238)	13,390
PETRA rental costs	120,531	109,724
PETRA rates and other costs	48,132	28,495
Action Pantry project	5,621	102,737
CEBU projects	427,728	602,251
	617,343	856,597

ANALYSIS OF SUPPORT COSTS

	Support Activities 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	381,826	381,826	265,839
Depreciation	4,268	4,268	5,361
Staff training	969	969	5,676
General maintenance	22,447	22,447	59,703
Hotels, travel and subsistence	28,512	28,512	18,920
Printing, postage and stationery	8,148	8,148	5,393
Legal and professional	16,052	16,052	21,173
Sundry expenses	5,278	5,278	16,108
Events and fundraising	1,521	1,521	2,972
Information technology	6,906	6,906	8,589
Accounting services	15,319	15,319	4,100
Cleaning	1,373	1,373	762
Bank Fees and Interest	3,089	3,089	3,677
	495,708	495,708	418,273

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. AUDITORS' REMUNERATION

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>20,650</u>	<u>19,700</u>

8. STAFF COSTS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	2,588,313	1,914,660	352,095	247,229
Social security costs	198,884	138,942	23,374	15,425
Contribution to defined contribution pension schemes	6,357	3,185	6,357	3,185
	<u>2,793,554</u>	<u>2,056,787</u>	<u>381,826</u>	<u>265,839</u>

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Employees	<u>168</u>	<u>132</u>	<u>20</u>	<u>19</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 £139,870 (2022: £113,270).

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 December 2023, expenses totalling £2,240 were reimbursed or paid directly to 3 Trustees (2022 - £4,958 to 2 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 £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2023	130,000	123,567	253,567
Additions	-	28,690	28,690
At 31 December 2023	130,000	152,257	282,257
DEPRECIATION			
At 1 January 2023	1,517	39,709	41,226
Charge for the year	2,600	14,991	17,591
At 31 December 2023	4,117	54,700	58,817
NET BOOK VALUE			
At 31 December 2023	125,883	97,557	223,440
At 31 December 2022	128,483	83,858	212,341

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY

	Long-term leasehold property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2023	130,000	11,877	141,877
Additions	-	5,198	5,198
At 31 December 2023	130,000	17,075	147,075
DEPRECIATION			
At 1 January 2023	1,517	4,175	5,692
Charge for the year	2,600	1,668	4,268
At 31 December 2023	4,117	5,843	9,960
NET BOOK VALUE			
At 31 December 2023	125,883	11,232	137,115
At 31 December 2022	128,483	7,702	136,185

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COMPANY	
COST OR VALUATION	
At 1 January 2023	1,000
AT 31 DECEMBER 2023	<u>1,000</u>
NET BOOK VALUE	
AT 31 DECEMBER 2023	<u>1,000</u>
AT 31 DECEMBER 2022	<u>1,000</u>

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	11 Foxecote Avenue, Peasedown St.John, Bath, England, BA2 8SF	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	4,394,135	(4,504,590)	(110,455)	2,690

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. DEBTORS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
DUE WITHIN ONE YEAR				
Trade debtors	34,379	99,432	5,878	80,978
Amounts owed by group undertakings	-	-	96,850	164,304
Other debtors	80,598	154,682	82,375	20,349
Prepayments and accrued income	283,994	206,024	208,565	174,819
Tax recoverable	59,938	87,869	-	-
	<u>458,909</u>	<u>548,007</u>	<u>393,668</u>	<u>440,450</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	45,000	45,250	-	-
Trade creditors	174,214	49,431	89,173	18,992
Amounts owed to group undertakings	-	-	87,383	27,699
Other taxation and social security	43,552	29,295	7,229	119,597
Other creditors	32,759	46,413	3,703	5,615
Accruals and deferred income	85,553	34,154	13,109	7,000
	<u>381,078</u>	<u>204,543</u>	<u>200,597</u>	<u>178,903</u>

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Group 2023 £	Group 2022 £
Bank loans	82,500	127,250

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 2023 £	Group 2022 £
BETWEEN ONE AND TWO YEARS		
Bank loans	45,000	45,000

BETWEEN TWO AND FIVE YEARS		
Bank loans	37,500	82,250

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2023 £	Income £	Expenditure £	Balance at 31 December 2023 £
UNRESTRICTED FUNDS				
General Funds - all funds	612,619	409,253	(547,008)	474,864
Mercy In Action Trading	221,245	4,394,135	(4,613,690)	1,690
	<u>833,864</u>	<u>4,803,388</u>	<u>(5,160,698)</u>	<u>476,554</u>
RESTRICTED FUNDS				
Cebu Project	-	171,173	(171,173)	-
PETRA Housing Project	50,540	220,468	(263,189)	7,819
Other Projects	-	19,460	(19,460)	-
	<u>50,540</u>	<u>411,101</u>	<u>(453,822)</u>	<u>7,819</u>
TOTAL OF FUNDS	<u>884,404</u>	<u>5,214,489</u>	<u>(5,614,520)</u>	<u>484,373</u>

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR 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>

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. 550 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 2023

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

	Group 2023 £	Group 2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(400,031)	(45,234)
ADJUSTMENTS FOR:		
Depreciation charges	17,590	16,143
Interest from investments	(3,089)	(3,677)
Loss on the sale of fixed assets	-	14,706
Decrease/(increase) in debtors	89,098	(335,242)
Increase/(decrease) in creditors	177,056	(2,308)
NET CASH USED IN OPERATING ACTIVITIES	(119,376)	(355,612)

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £
Cash in hand	265,602	455,849
TOTAL CASH AND CASH EQUIVALENTS	265,602	455,849

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2023 £	Cash flows £	Other non- cash changes £	At 31 December 2023 £
Cash at bank and in hand	455,849	(190,247)	-	265,602
Debt due within 1 year	(45,250)	(2,664)	2,914	(45,000)
Debt due after 1 year	(127,250)	-	44,750	(82,500)
	283,349	(192,911)	47,664	138,102

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 £38,956 (2022: £25,690). Contributions totalling £10,764 (2022: £13,363) were payable to the fund at the balance sheet date and are included in creditors.

20. OPERATING LEASE COMMITMENTS

At 31 December 2023 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	366,311	462,642	366,311	462,642
Later than 1 year and not later than 5 years	1,139,127	1,189,696	1,139,127	1,189,696
Later than 5 years	394,396	536,865	394,396	536,865
	<u>1,899,834</u>	<u>2,189,203</u>	<u>1,899,834</u>	<u>2,189,203</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 2023.

22. CONTROLLING PARTY

There is no controlling party.