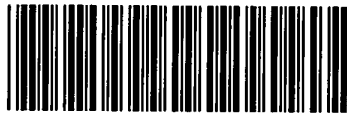


Registered number: 04627969
Charity number: 1096068

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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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 2024

Trustees F H Clark
H J Law
R Bedicer
C Kinnear
R Day (appointed 19 August 2024)

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 2024**

The Trustees present their annual report alongside the audited financial statements of Mercy In Action for the year from 1 January 2024 to 31 December 2024. This Annual Report fulfils the requirements for both a Trustees' report and a Directors' report under company law.

The Trustees confirm that the Annual Report and financial statements comply with the relevant statutory requirements, the charity's governing document, and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing accounts under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

As both 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, which are for the public benefit and as set out in the company's Memorandum and Articles of Association, are as follows:

- (a) To advance the Christian faith in accordance with the Statement of Beliefs attached as a Schedule hereto, in Bath, other parts of the United Kingdom, the Philippines, and other parts of the world as determined by the Trustees; and to carry out exclusively charitable purposes connected with the Charity's work.
- (b) To relieve persons in conditions of need, hardship, sickness or old age, and to alleviate related distress in the said locations and elsewhere as the Trustees see fit.
- (c) To advance education based on Christian principles by means the Trustees deem appropriate, including the establishment and operation of educational establishments in the stated locations and elsewhere.

Public Benefit

In setting objectives and planning activities, the Trustees have complied with their duty under 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 confirm that Mercy In Action's activities are carried out in accordance with its objects for the public benefit, as outlined in this report.

Strategies for Achieving Objectives

Our mission is to address poverty, injustice, and inequality through housing, food provision, education, and care. Our current charitable activities include:

In the UK:

- Supported housing for young mothers and expectant mothers at risk of homelessness in Bath & North East Somerset, Trowbridge, and Wells.
- Pantry-style food clubs in Bath & North East Somerset, and Oxford, assisting families on low incomes.
- Free provision of clothing for children aged 0–15 in Bath & South West Somerset.
- Distribution of household goods and furniture to families in crisis.

In the Philippines, via partner organisation KsK:

- Residential accommodation for children who are victims or vulnerable to trafficking, neglect, or abuse.
- Community support programmes for families.
- Day care services for street children.
- Supported housing for care leavers.
- Work placements and experience opportunities for young people.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Elsewhere:

- Support for young people unable to continue education after family bereavements or because of financial restraints.
- Assistance for young people with learning difficulties in Sri Lanka.
- Training and capacity building for partner organisations in India, Sri Lanka, the Philippines, Zambia, and the UK.

Social Investment Policies

Social investment is realised by supporting parents in developing parenting and social skills and offering flexible work opportunities for those returning to employment, particularly during school hours.

Grant-Making Policies

Grants are made annually to partner organisations in the Philippines based on agreed budgets.

Safeguarding

The designated Safeguarding Lead continued to monitor and follow up on safeguarding concerns throughout 2024. No serious incidents requiring notification to the Charity Commission were reported. Most safeguarding cases achieved positive outcomes, with the remainder referred to appropriate authorities. Additional reporting categories will inform future training.

Mercy In Action maintains a policy requiring prospective employees to undergo a Disclosure and Barring Service (DBS) check—basic or enhanced where direct work with clients or vulnerable volunteers is involved.

Risk Assessments

As of April 2024, the Safeguarding Lead assumed responsibility for conducting risk assessments across the charity and retail operations. By May, this role extended to include volunteer risk assessments.

Volunteers

Our volunteer pool numbered 376 in 2024, providing invaluable support across shops, warehouses, pantries, and advisory roles. Of these, 65 volunteers are classified as children or vulnerable individuals, who receive quarterly safeguarding check-ins.

Volunteer feedback throughout the year has been consistently positive.

ACHIEVEMENTS AND PERFORMANCE

Governance and Infrastructure

Development committees have been established to enhance communication between projects and the Board. These include the UK Development Committee, Philippines Steering Group, and International Development Committee.

Staffing levels and costs are under ongoing review.

Community Engagement

- Practical support was provided by MiA to partner organisations aiding families in crisis.
- Donations including toys, food, clothing, and Christmas goods were distributed to partners such as Love Barton, Bristol Charities, Project Mama, and Stay and Play.
- Partnerships with voluntary and statutory organisations in Bath and North East Somerset, Bristol, and Oxford have grown, fostering stronger community connections which enable assistance to be given swiftly and appropriately.
- The longstanding service at Royal United Hospital Bath providing clothing for the discharge hub continued throughout 2024.
- Collaboration with Southside Family Project continues via an after-school hub for families in the Twerton/Southdown area.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Petra Project

Supported accommodation for young mothers and mothers-to-be remains a safe, nurturing environment fostering strong parent-child bonds. We continue to promote an inclusive and welcoming atmosphere for all families.

- Bath: 11 clients and 11 children housed.
- Trowbridge: 5 clients and 5 children housed.
- Wells: 5 clients and 5 children housed.
- Awaiting an IKEA site visit to assess support for the Trowbridge lounge area.
- Exploring volunteer support for Bath gardens in partnership with Grow for Life charity.
- Planning application submitted to extend flats, including one three-bedroom HMO and three self-contained flats.
- Big Lottery Fund application submitted for a new kitchen in one Bath house.
- Awaiting decision on solar panel funding for the three Bath houses.

Client Testimonials:

"The support I have received from Petra and the love I was shown when I didn't love myself will never leave me."

"I'm the mother and woman I am today because of Petra; it was the start of my journey to change my life for me and my children."

"I will hold my time at Petra very close to my heart and will forever be grateful for the home it gave me and my children."

Action Pantry

Action Pantry Bath provides affordable food for residents in some of the poorest areas of BANES.

Mercy In Action extends sincere thanks to all supporters throughout 2024, including FareShare South West, M&S, Salvation Army, Genesis, Sainsbury's, Waitrose, Nestlé, Bath Hygiene Bank, Crop Drop, Avon Gleaning Network, local allotments, Nando's, Bath University, Boston Tea Party, and First Impressions.

Pantry Activities:

- During Christmas 2024, food was provided to 335 households across three pantries (378 adults and 386 children), including festive items and additional fresh produce to cover the holiday period.
- New toys and gifts were distributed to every child.
- Throughout the year, Action Pantry supported over 120 member families, with average weekly attendance of 86 families, noting seasonal variation during school holidays.
- Nearly 30 new referrals were received in Q4 2024; numbers are expected to rise in 2025.
- Significant improvements included painting, decorating, and a kitchen refit, enhancing the pantry environment and functionality.
- A Baby and Toddler Group launched in November 2024, attracting up to nine families weekly during term time, offering activities such as song time, story time, and crafts.
- The Oxford Pantry has been transferred to Love Barton, a local charity active in the area. Mercy In Action will provide £1,000 per month for two years plus FareShare food at cost (£540), generating significant savings and allowing Love Barton to offer more comprehensive client services. This arrangement will be reviewed after two years.

Plans for 2025:

- Conduct a comprehensive client review.
- Update referral procedures.
- Prioritise families with young children on the active waiting list.
- Reassess support for families who have been Pantry members for over six years.
- Explore wider opportunities to receive surplus food from new contacts.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Client Feedback:

"All the staff at the Pantry are absolutely amazing; they make everyone feel so special. I always look forward to coming here every week, and so do my kids. It's a really important part of the community for me and I honestly don't know what I'd do without it." – Mother of two young children

"As a family, we want to thank you all at the Pantry for your help. We have loved seeing your smiling faces and sharing our news over the last couple of years. You all do an amazing job supporting many families." – Family of four, Pantry graduates

"I appreciate you all so much! I don't know how I would cope without your help." – Single mother of six children

Clothesline

In 2024, Clothesline served over 100 families weekly, distributing 5,070 items of clothing, shoes, and linen. Over 100 crates of homeware were also provided, alongside emergency clothing supplies via social workers. Support extended to households through Pantry and social worker referrals with furniture items including sofas, fridges, beds, and wardrobes.

Recipients have expressed deep appreciation for this essential service.

Community and Project Engagement

Mercy In Action broadened its community engagement and collaboration in 2024. Donations of clothing, furniture, toys, food, and essentials supported partners such as BS13, AidBox, Project Mama, and Royal United Hospital. Tailored contributions ranged from baby carriers and school uniforms to winter clothing and Christmas gifts.

Emergency relief referrals from health visitors, social workers, and partners increased, prompting delivery of essential household items including beds, sofas, refrigerators, freezers, and kitchen appliances. Demand for household appliances remains high.

A highlight was the partnership with Project Mama, where Mercy In Action supported a community event for refugee women with clothing, baby items, and toiletries, receiving excellent feedback and fostering an ongoing relationship.

Looking ahead to 2025, Mercy In Action aims to deepen community impact by expanding partnerships and enhancing holistic support through Action Pantry.

It is a privilege to work in such close collaboration with Mercy in Action and to know that we are on the same page. We both know that social change may be complex and gradual, but it is absolutely achievable. By moving beyond the pressure for instant results and committing to long-term relationships our two charities can help create a context where lasting progress and change takes hold for the individuals, children, and families we support.

Quick wins may bring short-term visibility, but it is the slower, more intentional work that breaks cycles of disadvantage and strengthens relationships and transforms lives over time. Mercy in Action and Southside believe in and lead with this approach.

Penny McKissock MBE, CEO Southside

Philippines

In 2024, KsK Cebu advanced its mission to support vulnerable children and young people through education and preparation for adulthood. Staff training and capacity-building improved service delivery across programmes.

The Residential Team implemented a successful independent living preparation programme, creating tailored five-year plans for each client. Young people actively participate in shaping their care plans, fostering empowerment. Partnerships with therapists and counsellors in Cebu ensure timely access to therapeutic support.

Learning Scheme (ALS):

- One client enrolled.
- House Parents' seminar and training conducted.
- Retreat held at St Francis Seraph Convent House Maghaway, Talisay City.

MERCY IN ACTION
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

RESIDENTIAL CARE													
KPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Clients Incoming	0	0	0	0	2	0	0	0	0	0	0	0	2
Clients Discharged	1	1	0	0	0	0	0	0	0	0	0	0	2
Clients Referred to the Launch	0	0	0	0	0	0	0	0	0	0	1	0	1
Total Clients	22	22	21	21	23	23	23	23	23	23	23	21	23
Male	14	14	14	14	15	15	14	15	15	14	15	12	14
Female	8	8	8	8	9	9	9	9	9	9	9	9	9
Chelo's House Clients	7	7	7	7	7	7	7	7	7	7	6	6	6
Martha's House Clients	8	8	8	8	9	9	8	9	9	9	9	9	9
Paul's House Clients	7	7	6	6	7	7	7	6	6	7	6	6	7
Total No. Team Members	19	20	20	20	19	19	19	19	17	19	17	16	20
Significant Accomplishments	<ul style="list-style-type: none"> • Referred 5 clients to CBT and psychotherapy • Accepted 2 new clients • The 2 new clients are officially enrolled in Angelicum under the Reap Program. • 2 clients graduated from Accelerated Learning Scheme (ALS) • 1 client enrolled in ALS • House parents (HP) seminar/training • HP, residential clients and staffs were able to have a retreat at St. Francis Seraph Convent House located at Maghaway Talisay City. • Extra-curricular activities for kids like joining Summer Sports Workshops at Talisay City Hall and they were given certificates during the awarding ceremony held at Talisay City Complex. • Combined monthly activities like Buwan ng Wika and Intramurals together with Drop-in, Residential and Schooling Tutorial. • A new CCTV was installed in the Homeschool classroom. • Marthas and Chelos house were provided with new computer and printer • Visitation at City Jail was already approved by the warden to facilitate clients visiting their parents. • Hired 1 houseparent assigned at Marthas house • Residential team and staff were able to participate in fire prevention seminar. • The admin provided 1 new laptop for the new Social Worker 												

The **Drop-in Centre** has supported fewer clients this year, largely due to a reduction in the number of street children in the city—an encouraging trend acknowledged by the Local Authority. In recognition of the centre's vital role, the Local Authority has awarded a £3,000 grant for 2025 to help sustain the project. The drop-in team continues to focus on education and family reunification as its core aims. In 2024, two clients were transitioned into residential care, and five others progressed into the schooling programme.

The Source, a community-led support network for parents and young people, has returned to its pre-pandemic levels of engagement. It remains a vibrant and resilient group that offers emotional and spiritual support with minimal direct oversight, thanks to its volunteer-driven nature—currently 90% of its operations

MERCY IN ACTION
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

are led by volunteers. This self-sustaining model has made The Source a vital pillar of KSK's wider community work.

Challenges and Forward Planning

Mercy In Action continues to face several challenges, particularly relating to the broader political climate in the Philippines. Ongoing national instability and increasing reports of local police brutality present risks that require vigilant attention. In response, safeguarding remains a top priority for both our team and the communities we serve.

In 2025, we will enhance our safeguarding framework by collaborating closely with partner organisations such as International Justice Mission (IJM) and Community Legal Assistance (CLB). These strengthened human rights partnerships will support the work of our steering committee to reinforce protective measures and ensure the safety and wellbeing of all beneficiaries and staff.

The Schooling Programme, while not undergoing major changes during the year, continues to maintain a holistic, person-centred approach to education. We remain committed to delivering personalised support that addresses the diverse needs of the young people in our care, equipping them for positive and sustainable futures.

EDUCATION													
KPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. Residential Schooling	21	21	21	21	23	23	23	23	22	22	21	21	23
No. Launch/Foster Schooling	1	1	1	1	1	1	2	2	2	2	2	2	2
No. Community Schooling	463	463	463	462	462	462	462	486	467	467	468	468	468
High school	144	144	144	144	144	144	144	147	143	143	143	143	143
Elem	211	211	211	211	211	211	211	249	206	206	206	206	206
Senior High	74	74	74	74	74	74	74	74	72	72	72	72	72
College	56	56	56	55	55	55	55	55	66	65	65	65	66
Discharged Clients	0	0	0	1	0	0	14	20	0	1	0	0	36
Incoming Clients	0	0	0	0	0	0	41	0	0	0	0	0	41
Uni/College Graduates	0	0	0	0	0	0	6	0	0	0	0	0	6
Total No. in Education	485	485	485	484	484	484	511	491	491	490	490	490	490
Meals Served	2550	4139	3894	0	0	0	0	0	3856	3886	3341	2254	23, 920
Rice distribution	55	56	64	220	267	6	31	0	113	106	105	91	1, 114
Medical Assistance	3	3	5	2	4	3	0	2	1	4	7	5	39
Uniform	0	0	0	0	0	0	444	0	0	0	0	0	444
School Supplies	0	0	0	0	0	0	444	0	0	0	0	0	444
Residential Tutorial	4	4	4	4	4	4	4	5	5	5	5	5	5
Significant Accomplishments	<ul style="list-style-type: none"> • Provided School supplies and Uniform Budget to 444 scholars. • Accepted 41 new Scholars for the school year 2024-2025. • Ended the year with 490 scholars • 37 Senior High School graduate • Staff were able to join 7 training courses. • Provided 2 kilos of rice to the parents who have a perfect attendance. • Before the year ended, we provided cake to celebrate the joint birthdays of the 												

**MERCY IN ACTION
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<p>parent volunteers.</p> <ul style="list-style-type: none">• Renovated the Tapul feeding area.• Was able to tap with Lawaan elementary school to have a water and electricity connection to our feeding area.• For the first time, the Volunteer Christmas participants were leaders and assistants and those who had perfect attendance.• Capacity building for the Parent Volunteers.
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Benevolent Fund

The Benevolent Fund (BF) comprises 10% of total Gift Aid income and operates as a discretionary reserve to support fledgling projects, provide gifts to partner organisations, and meet other unforeseen needs not covered in the annual budget.

In 2024, gifts were awarded to the Southside Family Project, Love India, and Ratmalana Church, Sri Lanka, totalling £13,000. Due to expenditure constraints, the full amount available to the Benevolent Fund was not allocated during the year.

Community Fundraising

Mercy In Action benefited from a range of community fundraising activities in 2024, including:

- **Fashion Shows:** Two successful events held in Bath, each raising approximately £4,000.
- **Festival:** A pop-up vintage clothes stall proved popular and generated significant funds.
- **Child Sponsorship:** Ongoing support from sponsors contributed essential funds.
- **Christmas Appeal:** Raised vital donations to support seasonal activities and assistance.

FINANCIAL REVIEW

Going Concern

Following appropriate enquiries, the Trustees are satisfied that Mercy In Action has adequate resources to continue its operations for the foreseeable future. Consequently, the Trustees continue to adopt the going concern basis in preparing the financial statements. Further details on this approach are provided in the accounting policies section.

Reserves Policy

Trading had a successful year making around £200k extra profit, however MiA spent £200k more on projects and charitable activities than generated from non-trading income. The difference is a £400k improvement over 2023 where there was a loss of £400k. Our charitable spending rose by approximately £50k, 2024 improvement is a combination of more income and fewer trading costs. With everything being equal and the full year effects of changes made in 2024, and further reductions proposed in 2025 this would be when we should expect to start rebuilding our reserves if charitable expenditure does not also rise.

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 possible 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 £467,833 based on the 2024 financial year delivery.

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 2024 financial year this is £224,638 (reconciled as total funds of £482,637 less restricted funds of £500 and fixed assets of £257,499). The trustees note that this represents a shortfall of £243,195. The trustees have conducted a thorough operational and spending review during 2025 to optimise costs and generate savings that will be used to address this shortfall in the coming years.

In response, the Trustees will continue to scrutinise and audit all central and operation costs to enable further reserves to be available for 2026.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Investments Policy

Mercy In Action's investment strategy focuses on expanding its property portfolio and supporting growth in its successful retail outlets, which remain a key financial pillar.

Principle Funding

The majority of Mercy In Action's funding is generated through its trading company, MiA Trading (company number 11025273), which operates a network of 38 charity retail shops — with two additional outlets opened during 2024.

In 2024, like-for-like retail sales increased by 5%, resulting in a significant rise in profits and gross value added on goods. Retail operations contributed nearly £900,000 in additional financial support without which projects and services would have been unable to continue.

Beyond financial contribution, retail provides essential in-kind support including:

- Office and storage space within shops and warehouses.
- Clothing donations benefiting Clothesline, Royal United Hospital, fundraising events, and other charitable activities.
- Health and safety management across project properties.
- Maintenance services, fire risk assessments, and fire safety compliance.

Additional key funding for the Petra Houses is secured via housing benefits, grants, and other streams. Warehouse storage facilities also generate unrestricted income. Child sponsorship programmes continue to be vital in underpinning the core work of KsK in the Philippines.

Textile Recycling Income

2024 saw a further fall and the amount paid by textile recycling companies to all charities including ourselves from peak in 2023 of £.48 per kilo for clothing and other items. This falling at the start of 2024 to £.20 per kilo finally falling in August to 6 pence per kilo on average. This has meant that our income from recycled textiles has fallen from £150,000 in 2023 to £60,000 in 2024, and will fall to £22,000 in 2025.

Principal Risks and Uncertainties

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

Key risks are prioritised by potential impact and likelihood, with mitigation strategies identified and assigned to senior management leads. The Board acknowledges that no system can guarantee absolute risk elimination but seeks reasonable assurance that major risks are managed effectively.

Financial Risk Management Objectives and Policies:

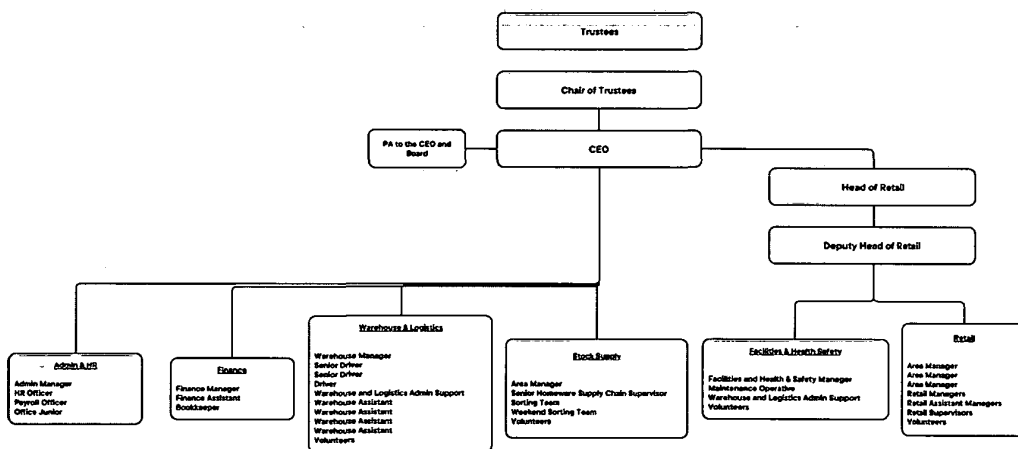
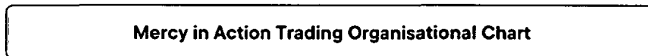
- Clearly defined authorisation levels and segregation of accounting duties.
- Policies to prevent, detect, and investigate fraud.
- Preparation of detailed cash flow forecasts and budgets to facilitate monitoring of financial objectives and business risks, with variance analysis during monthly and quarterly reporting.
- Investment in back-office functions and technology to ensure organisational robustness.
- Implementation of key performance indicators and regular reporting to management and Board committees to identify control issues and ensure timely corrective actions.
- Annual external audit providing management letters to the Audit and Finance Sub-Committee on internal control findings.
- Third-party internal audits reporting to the Audit and Finance Sub-Committee to reinforce internal control frameworks.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Constitution

Appointment or Election of Trustees

Organisational Structure and Decision-Making Policies



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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Policies Adopted for the Induction and Training of Trustees

Prospective Trustees are identified jointly by the Board and Senior Management Team. Recommendations are then made by the Trustees to the Members, who hold the final authority to appoint new Trustees.

Upon appointment, all Trustees receive comprehensive guidance from the Charity Commission outlining their statutory duties. In addition, Mercy in Action's policies regarding Trustee behaviour and expectations are provided. To ensure a thorough understanding of the organisation, Trustees spend time engaging with various teams to gain insight into the day-to-day operations of Mercy in Action.

Pay Policy for Key Management Personnel

No staff remuneration exceeded £60,000 during the reporting period.

Trustees' Indemnities

Mercy in Action maintains full indemnity insurance to protect Trustees in the performance of their duties.

Plans for 2025

Retail

- Proposal to open an additional two retail outlets, contingent on identifying appropriate properties.
- Conduct a comprehensive audit of staffing hours, area management, overall performance, and profitability across retail operations to inform decisions aimed at improving efficiency and maintaining budgetary control.
- The building previously known as the Jubilee Centre on Lower Bristol Road Bath, will be rebuilt by September 2025. This gives MiA the option of 9,000 Sq ft of office and warehouse space at an outstanding rent of £45,000 PA. Decision to be made if this will be developed as a charity superstore, a hub for smaller organisations and non-profits or a centre for job creation with furniture and repairs etc

Strategic Priorities

The Trustees, CEO, and Senior Management Team have identified several key areas for development during 2025:

- Evaluate the profitability and long-term sustainability of retail shops, essential to continue funding our projects.
- Further strengthen partnerships with overseas partners, particularly in the Philippines, Sri Lanka, and India with particular concentration on the burgeoning work in Galle.
- Continue to enhance Human Resources processes through deeper utilisation of Staffology, improved recruitment and retention strategies, and implementation of additional policies and procedures to support best employment practices.
- Develop collaborative partnerships with local organisations in relevant locations to maximise collective impact. This includes expanding the Clothesline project in partnership with Bristol charities, focusing on minimal expenditure for maximum community benefit.
- Expand fundraising efforts through fashion shows and pop-up stalls at local festivals, aiming to increase community engagement and income generation.
- Advance the Petra housing initiative by converting an existing building into three self-contained homes, pending external funding support—this project is currently in progress.
- Restructure central operations to avoid overstaffing and ensure overheads remain within budget.
- Replace the current fridge van to improve logistics and operational efficiency.
- Explore further possibilities to receive surplus food.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Disclosure of Information to Auditors

Each Trustee at the time of approval of this report confirms 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 necessary steps to be aware of any relevant audit information and to ensure the auditors are informed of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14/7/25 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 2024**

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

Approved by order of the members of the board of Trustees on 14/7/25 and signed on its behalf by:



H J Law
Trustee

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY IN ACTION

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 2024 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 2024 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

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.

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

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 trustees, 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 trustees 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: 4 August 2025

MERCY IN ACTION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
INCOME FROM:					
Donations and legacies	3	612,081	110,601	722,682	580,426
Charitable activities	4	-	261,207	261,207	239,928
Other trading activities	5	4,768,043	-	4,768,043	4,394,135
TOTAL INCOME		5,380,124	371,808	5,751,932	5,214,489
EXPENDITURE ON:					
Raising funds		4,592,044	2,095	4,594,139	4,501,469
Charitable activities		782,497	377,032	1,159,529	1,113,051
TOTAL EXPENDITURE		5,374,541	379,127	5,753,668	5,614,520
NET MOVEMENT IN FUNDS		5,583	(7,319)	(1,736)	(400,031)
RECONCILIATION OF FUNDS:					
Total funds brought forward		476,554	7,819	484,373	884,404
Net movement in funds		5,583	(7,319)	(1,736)	(400,031)
TOTAL FUNDS CARRIED FORWARD		482,137	500	482,637	484,373

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

The notes on pages 24 to 40 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
FIXED ASSETS			
Tangible assets	10	257,499	223,440
		<u>257,499</u>	<u>223,440</u>
CURRENT ASSETS			
Stocks		695	521
Debtors	12	403,135	458,388
Cash at bank and in hand		269,248	265,602
		<u>673,078</u>	<u>724,511</u>
Creditors: amounts falling due within one year	13	(375,142)	(381,078)
		<u>555,435</u>	<u>566,873</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>555,435</u>	<u>566,873</u>
Creditors: amounts falling due after more than one year	14	(72,798)	(82,500)
		<u>482,637</u>	<u>484,373</u>
TOTAL NET ASSETS			
CHARITY FUNDS			
Restricted funds	15	500	7,819
Unrestricted funds	15	482,137	476,554
		<u>482,637</u>	<u>484,373</u>
TOTAL FUNDS			
		<u>482,637</u>	<u>484,373</u>

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

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024**

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 151 of the Charities Act 2011.

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.

Approved by order of the members of the board of Trustees on 14/7/25 and signed on its behalf by:



**H J Law
Trustee**

The notes on pages 24 to 40 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 2024

	Note	2024 £	2023 £
FIXED ASSETS			
Tangible assets	10	131,598	137,115
Investments	11	1,000	1,000
		<u>132,598</u>	<u>138,115</u>
CURRENT ASSETS			
Debtors	12	336,106	393,668
Cash at bank and in hand		149,717	151,497
		<u>485,823</u>	<u>545,165</u>
Creditors: amounts falling due within one year	13	(196,031)	(200,597)
NET CURRENT ASSETS		<u>289,792</u>	<u>344,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>422,390</u>	<u>482,683</u>
TOTAL NET ASSETS		<u>422,390</u>	<u>482,683</u>
CHARITY FUNDS			
Restricted funds	15	500	7,819
Unrestricted funds			
Unrestricted Funds	15	421,890	474,864
Total unrestricted funds	15	<u>421,890</u>	<u>474,864</u>
TOTAL FUNDS		<u>422,390</u>	<u>482,683</u>

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

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024**

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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H J Law
Trustee

The notes on pages 24 to 40 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 2024

	2024 £	2023 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities (note 16)	72,214	(119,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interests and rents from investments	-	3,089
Purchase of tangible fixed assets	(6,359)	(28,960)
NET CASH USED IN INVESTING ACTIVITIES	(6,359)	(25,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	(45,000)	(45,000)
Repayments of finance leases	(5,042)	-
Hire purchase interest paid	(583)	-
Interest Paid	(11,584)	-
NET CASH USED IN FINANCING ACTIVITIES	(62,209)	(45,000)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	3,646	(190,247)
Cash and cash equivalents at the beginning of the year	265,602	455,849
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	269,248	265,602

The notes on pages 24 to 40 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 2024**

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 2024 was £269,248 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 2024**

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 bases:

Long-term leasehold property	- 2% reducing balance
Motor vehicles	- 15% reducing balance
Fixtures and fittings	- 15-25% reducing balance

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.9 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.

2.10 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.

2.11 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. ACCOUNTING POLICIES (continued)

2.12 FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other debtors due within the operating cycle fall into this category of financial instruments.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. ACCOUNTING POLICIES (continued)

2.13 FINANCE LEASES AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.14 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.

2.15 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.

2.16 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 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Donations	612,081	110,601	722,682	561,821
Government Grants	-	-	-	18,605
	<u>612,081</u>	<u>110,601</u>	<u>722,682</u>	<u>580,426</u>
TOTAL 2023	<u>409,253</u>	<u>171,173</u>	<u>580,426</u>	

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
PETRA project	216,544	216,544	219,928
Grants	19,500	19,500	20,000
Action Pantry	25,163	25,163	-
	<u>261,207</u>	<u>261,207</u>	<u>239,928</u>

5. INCOME FROM OTHER TRADING ACTIVITIES

Income from fundraising activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Mercy in Action Trading	4,767,603	4,767,603	4,363,242

Income from non charitable trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Other income	440	440	30,893

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £	Total funds 2023 £
Charitable Activities	653,128	506,401	1,159,529	1,113,051
TOTAL 2023	<u>617,343</u>	<u>495,708</u>	<u>1,113,051</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Total funds 2024 £	Total funds 2023 £
Shop rental costs	-	233,569
Shop rates	13,450	(218,238)
PETRA rental costs	104,818	120,531
PETRA rates and other costs	43,781	48,132
Action Pantry project	90,897	5,621
CEBU Projects	400,182	427,728
	653,128	617,343

ANALYSIS OF SUPPORT COSTS

	Total funds 2024 £	Total funds 2023 £
Staff costs	417,214	381,826
Depreciation	4,267	4,268
Staff training	2,189	969
General maintenance	9,315	22,447
Hotels, travel and subsistence	18,844	28,512
Printing, postage and stationery	8,141	8,148
Legal and professional	7,587	16,052
Sundry Expenses	5,735	5,278
Events and fundraising	8,451	1,521
Information technology	7,903	6,906
Accounting services	12,173	15,319
Cleaning	625	1,373
Bank fees and interest	3,957	3,089
	506,401	495,708

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**NOTES TO THE FINANCIAL STATEMENTS
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7. AUDITORS' REMUNERATION

	2024 £	2023 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>21,400</u>	<u>20,650</u>

8. STAFF COSTS

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Wages and salaries	2,838,112	2,588,313	381,939	352,095
Social security costs	211,747	198,884	27,633	23,374
Contribution to defined contribution pension schemes	7,642	6,357	7,642	6,357
	<u>3,057,501</u>	<u>2,793,554</u>	<u>417,214</u>	<u>381,826</u>

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

	Group 2024 No.	Group 2023 No.	Company 2024 No.	Company 2023 No.
Employees	<u>189</u>	<u>168</u>	<u>20</u>	<u>20</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 and Warehouse Manager. The total amount of employee benefits (including Employer pension contributions received by key management personnel for their services to the Charity was £94,489 (2023: £139,870).

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9. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 December 2024, expenses totalling £97 were reimbursed or paid directly to 1 Trustee (2023 - £2,240 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 2024	130,000	-	152,257	282,257
Additions	-	50,425	6,359	56,784
Disposals	-	-	(2,538)	(2,538)
At 31 December 2024	130,000	50,425	156,078	336,503
DEPRECIATION				
At 1 January 2024	4,117	-	54,700	58,817
Charge for the year	2,600	3,782	15,094	21,476
On disposals	-	-	(1,289)	(1,289)
At 31 December 2024	6,717	3,782	68,505	79,004
NET BOOK VALUE				
At 31 December 2024	123,283	46,643	87,573	257,499
At 31 December 2023	125,883	-	97,557	223,440

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10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY

	Long-term leasehold property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2024	130,000	17,075	147,075
Disposals	-	(2,538)	(2,538)
At 31 December 2024	130,000	14,537	144,537
DEPRECIATION			
At 1 January 2024	4,117	5,843	9,960
Charge for the year	2,600	1,668	4,268
On disposals	-	(1,289)	(1,289)
At 31 December 2024	6,717	6,222	12,939
NET BOOK VALUE			
At 31 December 2024	123,283	8,315	131,598
At 31 December 2023	125,883	11,232	137,115

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11. FIXED ASSET INVESTMENTS

COMPANY	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2024	1,000
At 31 December 2024	1,000
NET BOOK VALUE	
At 31 December 2024	1,000
At 31 December 2023	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	11 Foxecote Avenue, Peasedown Retail Sales St.John, Bath, England, BA2 8SF	
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	4,768,043	(4,569,486)	198,557	61,247

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12. DEBTORS

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
DUE WITHIN ONE YEAR				
Trade debtors	56,662	34,379	10,517	5,878
Amounts owed by group undertakings	-	-	47,851	96,850
Other debtors	60,010	80,077	82,877	82,375
Prepayments and accrued income	234,038	283,994	194,861	208,565
Tax recoverable	52,425	59,938	-	-
	403,135	458,388	336,106	393,668

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Bank loans	45,000	45,000	-	-
Trade creditors	143,198	174,214	82,140	89,173
Amounts owed to group undertakings	-	-	82,440	87,383
Other taxation and social security	44,187	43,552	8,190	7,229
Obligations under finance lease and hire purchase contracts	10,085	-	-	-
Other creditors	49,895	32,759	6,287	3,703
Accruals and deferred income	82,777	85,553	16,974	13,109
	375,142	381,078	196,031	200,597

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NOTES TO THE FINANCIAL STATEMENTS
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14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2024 £	Group 2023 £
Bank loans	37,500	82,500
Net obligations under finance lease and hire purchase contracts	35,298	-
	<u>72,798</u>	<u>82,500</u>

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 2024 £	Group 2023 £
BETWEEN ONE AND TWO YEARS		
Bank loans	37,500	45,000
BETWEEN TWO AND FIVE YEARS		
Bank loans	-	37,500

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2024 £	Income £	Expenditure £	Balance at 31 December 2024 £
UNRESTRICTED FUNDS				
General Funds - all funds	474,864	612,081	(665,055)	421,890
Mercy In Action Trading	1,690	4,768,043	(4,709,486)	60,247
	<u>476,554</u>	<u>5,380,124</u>	<u>(5,374,541)</u>	<u>482,137</u>
RESTRICTED FUNDS				
Cebu Project	-	110,601	(110,601)	-
PETRA Housing Project	7,819	216,544	(223,863)	500
Action Pantry	-	25,163	(25,163)	-
Other Projects	-	19,500	(19,500)	-
	<u>7,819</u>	<u>371,808</u>	<u>(379,127)</u>	<u>500</u>
TOTAL OF FUNDS	<u><u>484,373</u></u>	<u><u>5,751,932</u></u>	<u><u>(5,753,668)</u></u>	<u><u>482,637</u></u>

MERCY IN ACTION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

15. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR 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
Action Pantry	-	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>

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.

Action Pantry

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Group 2024 £	Group 2023 £
Net expenditure for the period (as per Statement of Financial Activities)	(1,736)	(400,031)
ADJUSTMENTS FOR:		
Depreciation charges	21,476	17,590
Interest paid	12,167	(3,089)
Loss on the sale of fixed assets	1,249	-
Decrease/(increase) in stocks	(174)	-
Decrease/(increase) in debtors	57,979	89,098
Increase/(decrease) in creditors	(18,747)	177,056
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	72,214	(119,376)

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2024 £	Group 2023 £
Cash in hand	269,248	265,602
TOTAL CASH AND CASH EQUIVALENTS	269,248	265,602

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2024 £	Cash flows £	New finance leases £	At 31 December 2024 £
Cash at bank and in hand	265,602	3,646	-	269,248
Debt due within 1 year	(45,000)	-	-	(45,000)
Debt due after 1 year	(82,500)	45,000	-	(37,500)
Finance leases	-	5,042	(50,425)	(45,383)
	138,102	53,688	(50,425)	141,365

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NOTES TO THE FINANCIAL STATEMENTS
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19. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2024 £	Group 2023 £
Within one year	10,085	-
Between 1-2 years	10,085	-
Between 2-5	25,213	-
	<u>45,383</u>	<u>-</u>

20. 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 £43,446 (2023: £38,956). Contributions totalling £18,107 (2023: £10,764) were payable to the fund at the balance sheet date and are included in creditors.

21. OPERATING LEASE COMMITMENTS

At 31 December 2024 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Not later than 1 year	677,589	612,761	677,589	612,761
Later than 1 year and not later than 5 years	2,248,069	2,110,547	2,248,069	2,110,547
Later than 5 years	1,086,965	1,369,340	1,086,965	1,369,340
	<u>4,012,623</u>	<u>4,092,648</u>	<u>4,012,623</u>	<u>4,092,648</u>

22. 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 2024.

23. CONTROLLING PARTY

There is no controlling party.