



2023

ANNUAL REPORT

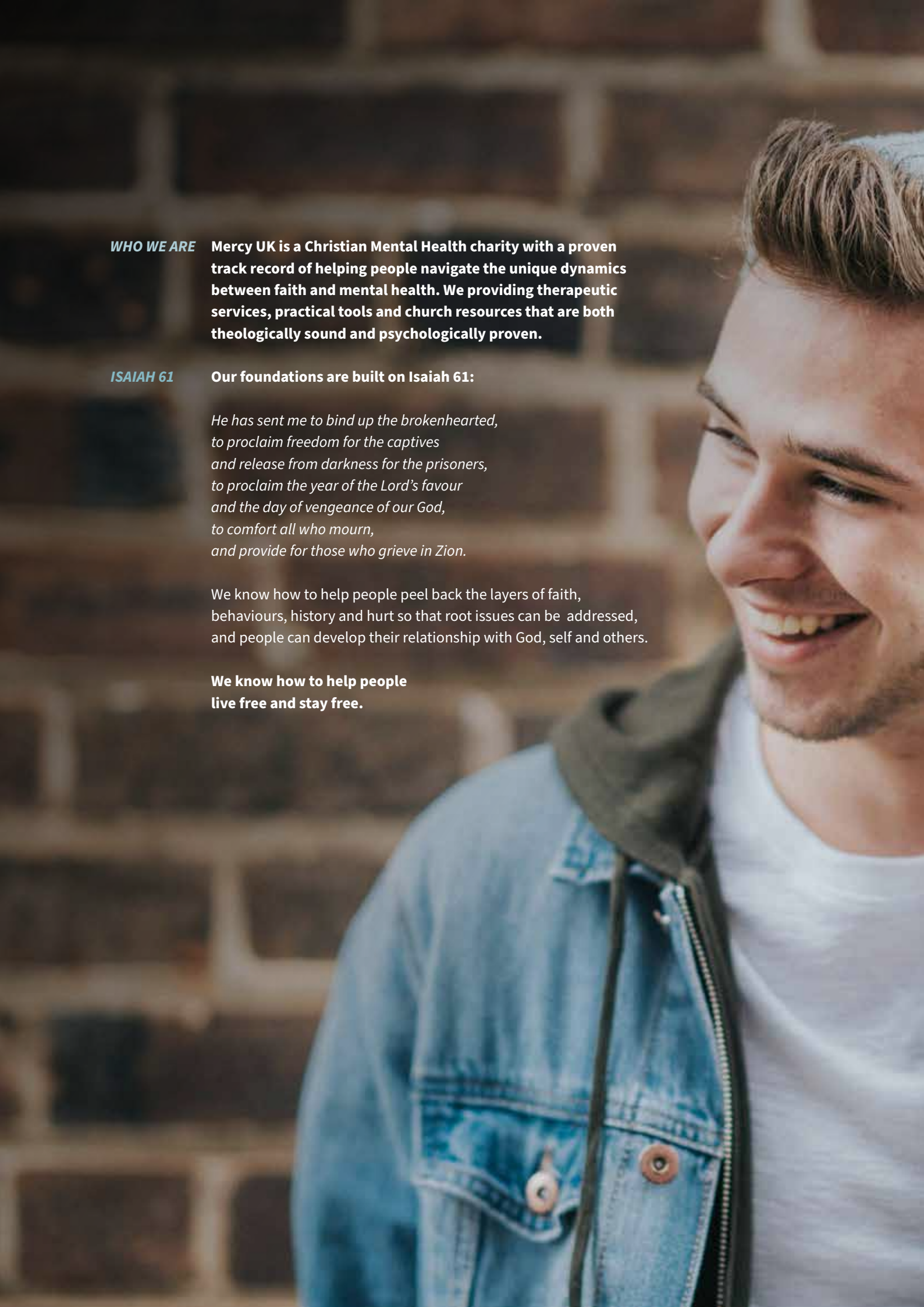
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WHO WE ARE Mercy UK is a Christian Mental Health charity with a proven track record of helping people navigate the unique dynamics between faith and mental health. We providing therapeutic services, practical tools and church resources that are both theologically sound and psychologically proven.

ISAIAH 61 Our foundations are built on Isaiah 61:

*He has sent me to bind up the brokenhearted,
to proclaim freedom for the captives
and release from darkness for the prisoners,
to proclaim the year of the Lord's favour
and the day of vengeance of our God,
to comfort all who mourn,
and provide for those who grieve in Zion.*

We know how to help people peel back the layers of faith, behaviours, history and hurt so that root issues can be addressed, and people can develop their relationship with God, self and others.

**We know how to help people
live free and stay free.**



AIMS & OBJECTIVES

HOW WE HELP

We help people peel back the layers of faith, behaviours, history and hurt so that root issues can be addressed, and people can develop their relationship with God, self and others.

We know how to help people live free and stay free. During 2023 our services included:

The Freedom Course. A 16-week course to help Christians live free and stay free with one-to-one mentoring, counselling and access to other specialist support

Keys to Freedom. An 8-week discipleship course for group or individual study, designed to help Christians live free and stay free.

Training, resources and speaking engagements. We use our proven track record to educate, equip and empower individuals and churches.

OUR AIMS AND OBJECTIVES

The objectives of Mercy UK as set out in our Memorandum and Articles of Association are:

To promote the benefit of the public, in particular women and girls, by

(a) providing relief from and support to women and girls affected by poverty, pregnancy, sickness, hardship and distress

(b) providing charitable relief (including the provision of housing or other accommodation) to women and girls in need of care by reason of their social, emotional and economic circumstances

(c) To advance the Christian religion in accordance with the statement of faith (attached as a schedule to the memorandum of association) through the gospel of the Lord Jesus Christ and the teachings of the word of God by presenting a values-based curriculum or teaching programme that will better enable persons to cope with the business of life.

(d) And such other charitable purposes as the directors of the company may from time to time determine.

The Trustees have referred to the Charities Commission's general guidance on public benefit when reviewing the aims and objectives of Mercy UK and planning its activities. The Trustees are confident that Mercy UK meets the public benefit requirements.

Given the changes to our services post-Covid, including the closure of our residential services and pivoting to deliver online support to a broader demographic, a review of our charitable purposes was undertaken in 2023 to more accurately describe the activities now delivered by Mercy UK in meeting its charitable purposes for the public benefit. This is a regulated change, and final approval will be obtained from the Charity Commission in 2024.



A YEAR OF FREEDOM

Celebrating our first year of the Freedom Course, which is proving more effective than we could have hoped for!

In February 2023, we opened applications for our inaugural cohort of Freedom Course participants. At the time, we had already received over 150 registrations of interest and within 24 hours we had reached the maximum number of applications we could process!

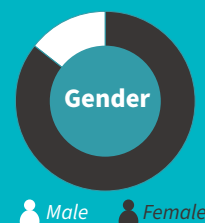
This initial interest was indicative of the consistent demand we have seen for the Freedom Course throughout 2023.

GOAL 1

SEE AN INCREASINGLY DIVERSE RANGE OF PARTICIPANTS

One of our primary goals was to see an increase in the amount and types of people that Mercy UK could directly support. Prior to the Freedom Course, our Direct Support was provided through a residential home with a fixed capacity and limited to young women between the ages of 18-35.

In 2023, 50 participants were accepted onto the Freedom Course.



“For the first time in my life, I know that I am **ENOUGH**”

“Through my journeying with you all, I have been forever changed and just cannot begin to express how grateful I am to have been given the chance to go through the Freedom Course. For the first time in my life, I know that I am ENOUGH, FORGIVEN & that I am LOVED. I can feel the difference freedom brings each day and I am so excited for the adventures of my future with my God.”

“I have only just started and I have already recommended it to people of both sexes.”



GOAL 2

SEE DEMONSTRABLE IMPROVEMENTS TO PARTICIPANTS' WELLBEING

The Freedom Course is proving to be more effective than we could ever have hoped for. We consistently measure a participant's well-being using the industry standard 'Core-10' assessment (Clinical Outcomes in Routine Evaluation) at the end of each Freedom Course module. Typically, counselling will see these scores improve incrementally over a long period of time. The Freedom Course, with our unique holistic and faith-based approach, is seeing these scores improve dramatically over the 16-week course. We are receiving many astounding testimonies, from participants and counsellors alike!

We have seen people with Core-10 scores over 20, indicating a moderate-to-severe level of distress, ending the course with scores below 10, which indicate clinically insignificant levels – in other words, the same scores as someone with good mental health who needs no intervention or support.

The scores also tell another significant story: as people start their journey, their CORE-10 scores often rise, indicating that they are opening up and being more honest about the challenges they're facing. But as the course proceeds, these start to decline to levels well below their peak range, and in **all** cases, below their starting score.

“Starting my application to the Freedom Course has allowed me to see the gift of being on the receiving end of being vulnerable with another person and having that vulnerability stewarded kindly, with no judgment. It's made me desire to want to be that way with others.”

“God is really just healing and highlighting various things in my life! I'm finding that I'm recognising the “why” im doing things with much greater ease. I've noticed an ease of communicating with friends and family, as well as a resilience. God has really started working on my abandonment issues and I'm becoming more and more confident in Him!”





IMPACT

We are excited to share the incredible feedback relating to our participant experience and engagement for 2023:

100%

are seeing an improvement in their Core-10 score

100%

satisfaction rate after each module

100%

agree that their improved wellbeing is due to the Freedom Course

We have also seen encouraging improvements in our own Discipleship Matrix tool, which measures learning and engagement in key discipleship areas:

75%

are more confident in identifying unhealthy or unhelpful beliefs

61%

are more confident in receiving emotional healing and comfort from God

Counsellor feedback:

We've also been incredibly encouraged to receive feedback from our third-party counsellors, who have been taken aback by the rate of improvement they are seeing in participants as they access the free counselling available to them through the course. One commented that they have "never seen such effective and fundamental change in a client".

Another sent us this feedback:



I wanted to give you some feedback about what my counselling clients have expressed about the Freedom Course: For all of them their experience has been life changing. They hear from God as never before, they understand their value (and have broken agreement with the lies they have believed about themselves), they trust God much more and feel deeply transformed generally speaking. Their relationship with their facilitators seems to be a highlight of their experience and I have noticed that a grieving process happens when the end is close (which is a good sign that they don't want it to finish!). I believe that what you are doing is so wonderful and it is a privilege to witness this. Well done!



THANKING OUR SUPPORTERS

We remain immensely grateful to all our supporters not just for their giving, but for their prayers and continued cheerleading. Thank you.



ONE MILLION STEPS

In 2023, our 'One Million Steps' fundraiser was a great success. We exceeded our expectations, raising over £21,000. Even more encouragingly, over 70 participants contributed to a total of more than 1.2 million steps. We really did feel the contribution of our supporters through this campaign, many of whom added to our total by organising their own fundraisers.



CHRISTMAS APPEAL

In November 2023, we launched The Big Christian Mental Health Campaign as our Christmas Appeal and were so encouraged with the success we saw, raising a total of £68,000 from over 100 individuals – double our previous best for a Christmas Fundraiser.

This total was thanks to a few significant donations from supporters and a generous Match Fund. We are so grateful to all who gave in the midst of such economic uncertainty and so many other pressing global needs.



TREASURE BUILDERS

Our regular donors or 'Treasure Builders,' continue to form our most sustainable source of income. Sadly, many of our Treasure Builders have communicated to us the pressures on their own personal finances due to the increased cost of living, and at the close of 2023, the 12-month rolling giving average had reduced to £19.23 (2022: £20.53) and we have experienced a 10% decline in regular giver numbers.

IMPACT



WORLDWIDE REACH

We are affiliated with a global network based in America, with a growing number of associates including:

Canada, Isle of Man, Germany, Denmark, Sweden and the Faroe Islands

Keys to Freedom is being used across the world and has already been translated into 5 languages.

FREEDOM COURSE

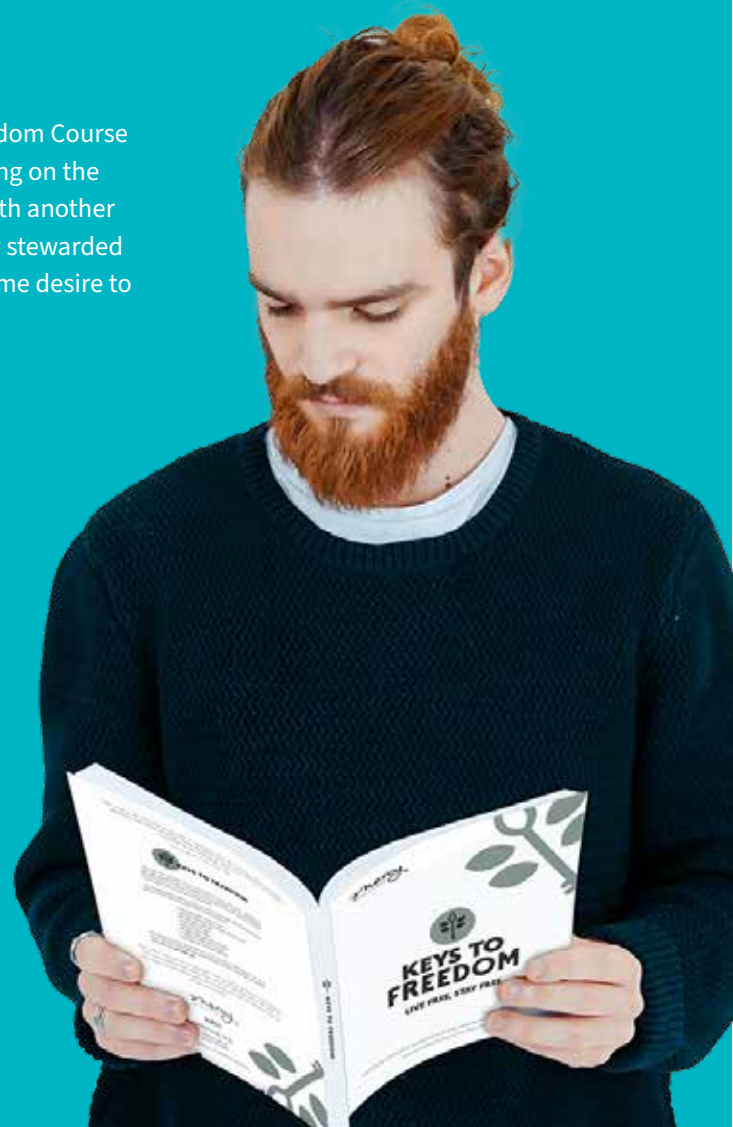
**118
people directly
supported
through the
Freedom Course**

“Starting my application to the Freedom Course has allowed me to see the gift of being on the receiving end of being vulnerable with another person and having that vulnerability stewarded kindly, with no judgment. It’s made me desire to want to be that way with others.”

KEYS TO FREEDOM

**100s
of churches all
over the country
use Keys to
Freedom as their
main ‘freedom’
curriculum to
support their
community’s
faith journey.**

“I am happy to report the best testimony shared with me today was that as a direct result of completing KTF a number of individuals made the decision to get baptised. I’m sorry let me say that again AS A DIRECT RESULT of completing KTF a number of individuals made the decision to be baptised.”





FINANCIAL REVIEW

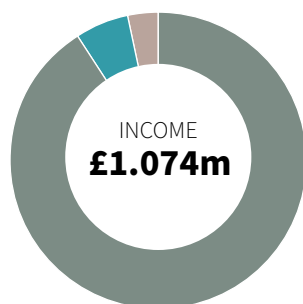
In keeping with our Christian values, Mercy's financial principles are as follows:

- Services are provided free of charge.
- We tithe 10% of unrestricted donations to Christian ministries, charities or organisations.
- No money is accepted from any governmental body or source that would compromise our Christ-centred approach to mental health and wellbeing and the services we provide.

INCOME

2023 has continued to present financial challenges. The charity receives no government funding for its work and a significant proportion of income is sourced from voluntary donations and the remainder is collected through fundraising initiatives and the sale of resources and training days.

The combined performance of regular giving, direct fundraising, training, events and resources yielded £1.041m. This was 90% of the £1.156m forecasted amount in the original plan for the year.



2023 Total Income: £1.074m

2022: £1.296m

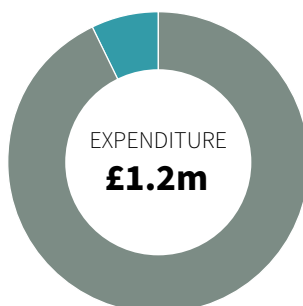
Income and endowments from:

- Donation and legacies = £977k (91%)
- Charitable activities = £64k (6%)
- Other trading activities = £33k (3%)

Our regular donors or 'Treasure Builders,' continue to form our most substantial and sustainable source of income. At the close of 2022, the 12-month rolling giving average was £20.53 (2021: £19.89). Our overall retention rate of givers was 87% (2021: 89%).

EXPENDITURE

Our total expenditure for 2023 was £1.2m, (2022: £1.38m) a 12% year-on-year decrease.



2023 Total Expenditure: £1.2m

2022: £1.38m

- Charitable activities = £1.162m (96%)
- Raising funds = £51k (4%)

96% of our income was allocated against our charitable activities.
That's 96p in every £1!



RESERVES POLICY

Reserves Policy Statement

As of 31st December 2023, Mercy UK's total reserves stood at £1,244,000 (2022: £1,383,000), with the majority represented by restricted funds tied up in fixed assets and not readily available for operational use. In light of the current financial landscape and to ensure more practical financial management, the Trustees have revised the reserves policy to better align with achievable goals while maintaining financial stability. The new policy is as follows:

Revised Reserves Target:

- **TARGET RANGE:** Mercy UK aims to hold unrestricted funds not committed or invested in tangible assets ("free reserves") within a target range of £50,000. This represents approximately 1 month of operational expenditure.
- **RATIONALE:** This revised target is intended to provide a basic safety net for one month of essential expenses, offering immediate financial stability while being realistic, given our current financial situation. It allows Mercy UK to rebuild reserves gradually without placing undue pressure on the charity.

Policy and Practice:

- **ANNUAL REVIEW:** The reserves target will be reviewed annually to ensure it remains appropriate given changes in income, expenditure, and financial risk. This will help maintain relevance and adjust the target as necessary.
- **GRADUAL ACCUMULATION:** Mercy UK will work towards achieving the revised reserves target through incremental accumulation, setting manageable monthly or quarterly goals.
- **RISK MANAGEMENT:** To complement this reserves policy, Mercy UK will explore contingency plans and develop a comprehensive risk management strategy to safeguard against future income shortfalls.

Commitment to Financial Management:

The trustees are committed to working within a Going Concern Framework, adhering to guidance issued by the Charity Commission to ensure effective management of funds and reserves. This revised reserves policy reflects our commitment to achieving financial stability while maintaining flexibility to adapt to changing circumstances.



INVESTMENTS Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds so as to maximise interest on funds available.

TRUSTEES' DECLARATION OF GOING CONCERN The trustees have reviewed the cash position of the charity and cash forecasts at the date of signing the financial statements and are satisfied that the charity will be able to meet its financial commitments but acknowledge the challenges ahead given the current economic landscape and pressures facing charities.

The trustees believe the charity is well placed to manage its financial risks successfully despite the current economic climate. Due consideration has been given to key financial risks and, in line with Charity Commission guidance, a financial risk assessment continues to be reviewed and mitigations identified.

The trustees have a reasonable expectation that the measures in place are adequate to continue in operational existence for the foreseeable future. As a result, the Trustees continue to adopt the going concern basis in preparing the financial statements.



RISK MANAGEMENT

Trustees continue to utilise the STEEPLE analysis tool to assess the risks of social, technological, economic, ethical, political, legal and environmental change drivers.

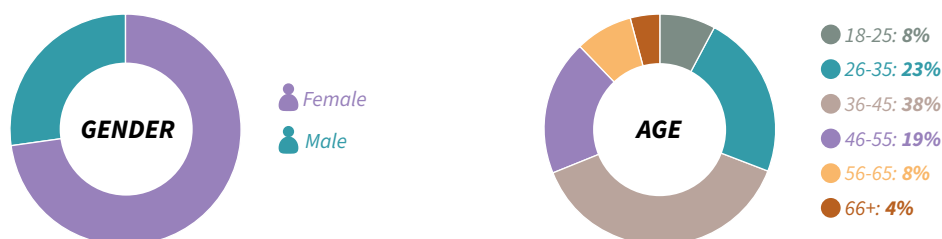
The trustees continue to use a Going Concern Framework to track and mitigate financial risks and formalise the board's response at various thresholds of the charity's financial position.

HEALTH, SAFETY & WELLBEING

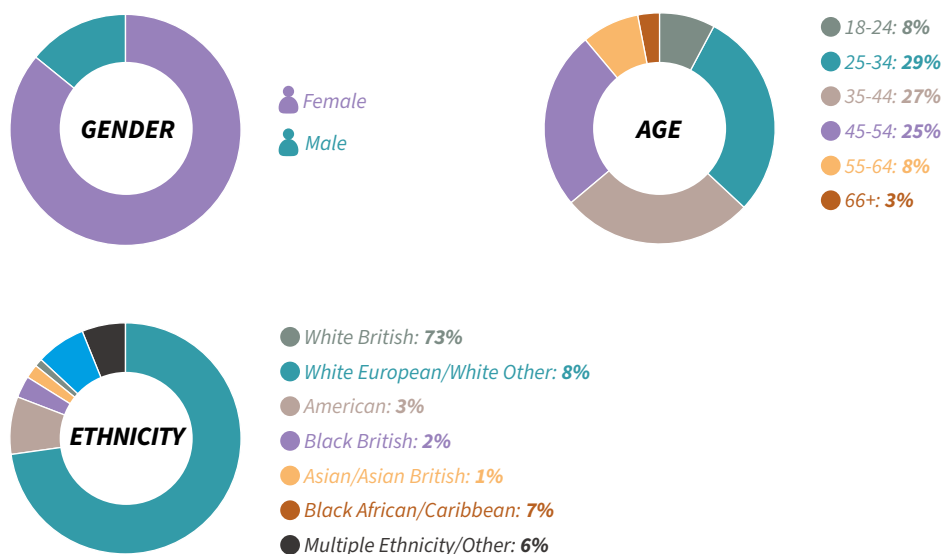
In 2023, we undertook an internal Equality, Diversity and Inclusion audit and found that:

Demographic of our Mercy UK employed team:

Ethnicity has historically not been recorded in our HR system. This is now a key change to monitor the demographic of Mercy UK employees.



Demographic of Freedom Course Participants:





WHERE DO WE CURRENTLY HAVE INEQUALITIES AND UNDER-REPRESENTATIONS?

Gender – men are under-represented amongst our employees and Freedom Course beneficiaries

Age – young adults (under 25s) and older adults (over 55s) are under-represented amongst our employed staff and Freedom Course beneficiaries

Ethnicity – people of colour are under-represented amongst our employed staff and Freedom Course beneficiaries

At Mercy UK, we are committed to fostering an environment that values and respects the diversity of our employees and service users. We believe that equality, diversity, and inclusion (EDI) are essential to our mission, and we are dedicated to promoting these principles in all aspects of our work by:

- vocalising support for marginalised Christians
- educating ourselves about what life is like for Christian people from different racial backgrounds
- ensuring we offer culturally appropriate services to our beneficiaries
- putting policies and responses in place to ensure all employees and beneficiaries are treated with the same respect and offered equal access to the same opportunities

The nature and context of our work and mission, rooted in Christian faith and values, requires that our roles necessitate individuals to be active members of the Christian faith. This means that being an active member of the Christian faith can be considered a genuine occupational requirement for positions within the charity. When applying this exception, we will ensure that it is done so in a lawful and proportionate manner and will not constitute direct or indirect discrimination.

STAFF SURVEY

Our employee feedback for 2023 provides insight into our employee experience and engagement:

Length of Service:

- 👤 **46%** of our team have worked with us for less than 3 years
- 👤 **36%** of our team have worked with us for between 3 – 5 years
- 👤 **18%** of our team have worked with us for more than 5 years

Go Team Mercy!

91 %
AGREE
9% Neutral



MERCY UK
EMBODIES THE
CORE VALUE OF
**PASSION FOR
GOD**

100 %
AGREE



MERCY UK
EMBODIES THE
CORE VALUE OF
**PASSION FOR
PEOPLE**

91 %
AGREE
9% Neutral



MERCY UK
EMBODIES THE
CORE VALUE OF
**PASSION FOR
EXCELLENCE**



SAFEGUARDING *Safeguarding of vulnerable adults and third parties:* Mercy UK's safeguarding policy is well embedded into practice and the policy is reviewed by the trustees annually. Our team also benefits from the support and advice of an organisation that specialises in safeguarding in the faith sector and continue to seek consultation in relation to any critical safeguarding concerns.

Safeguarding queries can be raised by contacting safeguarding@mercyuk.org

ETHICAL PRACTICE *Promoting the wellbeing and empowerment of all stakeholders through ethical practices and decision-making.*

Our core values inform the principles of our ethical practice. If any ethical dilemmas or considerations occur, or where best practice is unclear, Mercy UK commits to applying broader Christian values to minimise harm and promote the wellbeing and empowerment of others. In resolving conflicts, the guiding ethical principles of our Ethical Framework and our core values, must be considered as those which guide and underpin our general ethical commitment.

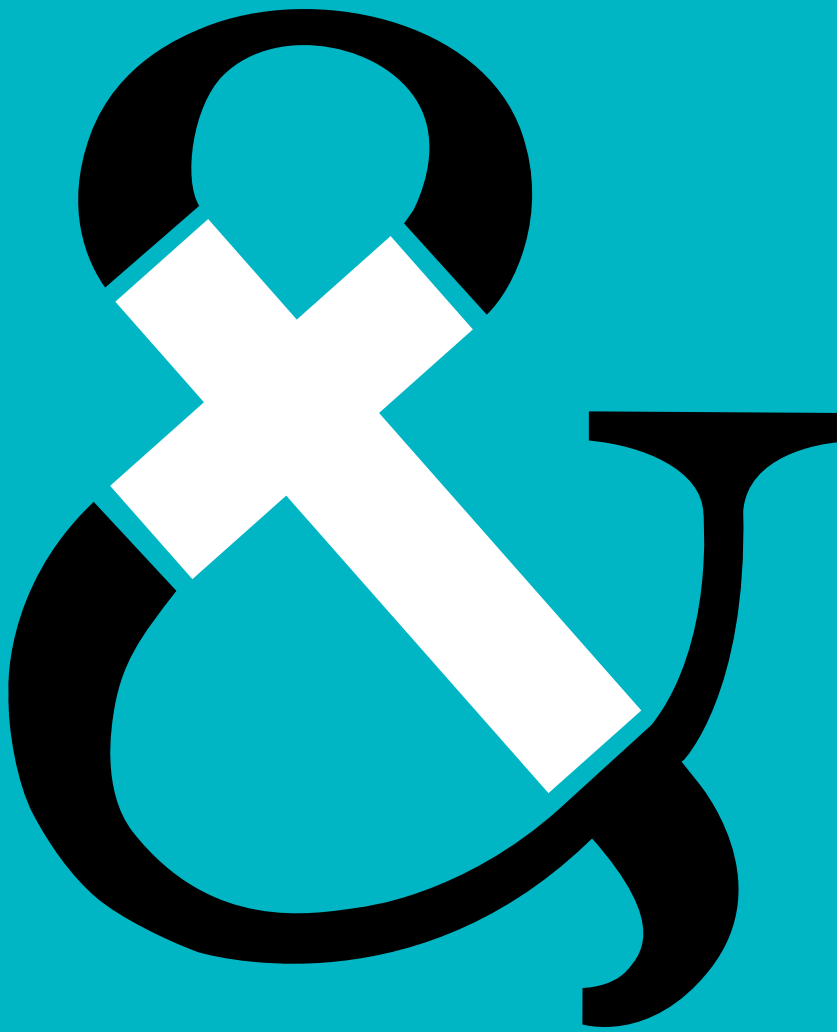
Our core values are:

- Passion for God
- Passion for People
- Passion for Excellence

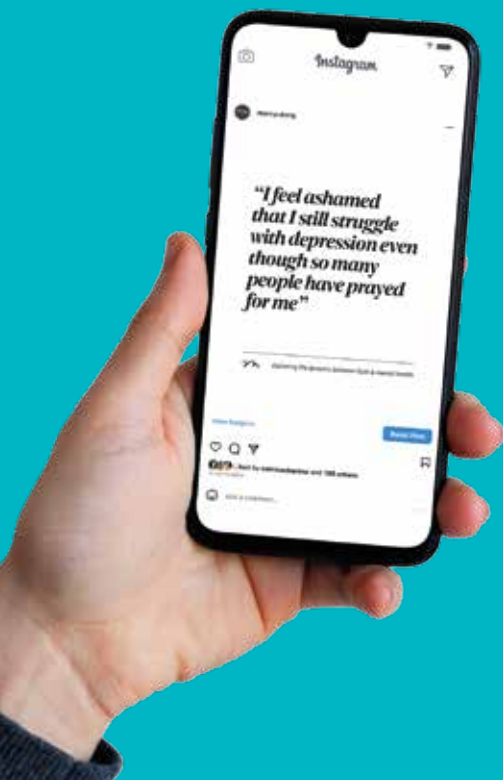
Our Statement of Ethical Practice is available on our website:
www.mercyuk.org/safeguarding-and-ethical-practice

FUNDS HELD *Funds Held as Custodian Trustee on Behalf of Others*

The Trustees confirm that no funds are being held as custodian trustees on behalf of others.



PLANS FOR FUTURE PERIODS



In 2024 we will be launching The Big Christian Mental Health Campaign to enable Christians all over the country to improve their mental health and wellbeing.

This ambitious year of activity has two main objectives:

HOST THE CONVERSATION

We want to do our part to help break the taboo, remove the stigma, and normalise Christ-centered mental health and wellbeing support.

EQUIP, EMPOWER AND SUPPORT

This year will see us creating over a hundred new resources, making training more accessible and delivering one-to-one counselling, coaching and mentoring sessions online through the Freedom Course.

All for free. All in response to the mental health crisis our country, and our churches, are facing.

Will you join us?

STATEMENT OF TRUSTEE RESPONSIBILITIES

The trustees are required by company law to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charity and of its financial position at the end of that year. In preparing those financial statements the trustees are required to:

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice Accounting and Reporting by Charities, issued in March 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy, at any time, the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each trustee has taken all the steps that ought to have been taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditors, Torevell Dent (Audit) LLP, were re-appointed as the charitable company's auditors during this year and have expressed their willingness to continue in that capacity.

This report was approved by the Board of Trustees on 23rd September 2024 and signed on its behalf by:

Fiona Taylor
Chair of Trustees



STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

Mercy Ministries UK (Mercy UK) is a charitable company limited by guarantee, incorporated on 23rd February 2005 and registered as a charity on 20th September 2005. The company is governed by a Memorandum and Articles of Association which determines the objects and powers of the charitable company. In the event of the organisation being wound up, members of the charitable company guarantee to contribute an amount not exceeding £1. The total number of such guarantees at the end of 2023 was nine.

APPOINTMENT OF TRUSTEES

The Board of Trustees at Mercy UK, who are also directors of the charity for the purpose of the Companies Act, represent a group of individuals with a wide range of experience and skills.

All trustees give of their time voluntarily and receive no benefits from the charity. Any expenses that are claimed are shown in the notes to the accounts. Details of all the trustees can be found in the administrative information part of this document, as well as on our website.

Trustees are recruited on the basis of their experience for the role and the skills they might contribute in line with the objectives of the charity outlined in its Memorandum and Articles of Association. A skills matrix is used to identify skills gaps and inform recruitment needs.

TRUSTEE INDUCTION AND TRAINING

The charity has a trustee induction pack which explains the duties of a trustee and provides facts along with additional sources of information about the charity. New trustees are invited to a briefing session with the chairman to familiarise themselves with the charity.

STRUCTURE AND DECISION MAKING

The Board of Trustees at the end of 2023, consisted of eight trustees, who are also members.

The trustees meet quarterly to review strategic, operational and financial performance together with the Senior Leadership Team.

The day-to-day running of Mercy UK has been delegated to the Senior Leadership team, consisting of the Director of People & Support and Director of Development who report to the Chief Operating Officer and who in turn, reports to the Chief Executive Officer. The Senior Leadership Team operates under the direction of the Chief Executive. The Chief Executive reports directly to the Board of Trustees. All members of the Senior Leadership Team are present at trustee meetings.

Key Performance Indicators are used to measure and review performance against the



strategic plan with regular meetings ensuring that corrective action is taken where needed. Monthly management accounts are also used to monitor financial performance.

In 2023, the sub-committee Terms of References were reviewed and any amendments were ratified by the board.

Mercy UK is affiliated to Mercy Multiplied International (MMI). The President and Founder of MMI is Nancy Alcorn. In addition to reporting to the trustees, the Chief Executive also reports on a monthly basis to MMI, as a member of the MMI board of trustees.



REFERENCE AND ADMINISTRATIVE DETAIL

Company Information for the year ended 31st December 2023

COMPANY NAME	Mercy Ministries UK
DIRECTORS	Chairman: Fiona Taylor (appointed 19/04/2023) Helen Edwards (appointed 25/04/2019) Rob Waller (appointed 24/10/2018) Warrick McCullough (appointed 25/04/2019) Zara Mapanga (appointed 16/05/2022) Paul Manwaring (appointed 18/07/2022) Jonathan Clark (appointed 03/10/2023) Lavanya Dua (appointed 06/02/2023)
SECRETARY:	Debbie Harvie (appointed 29/01/20)
CHIEF EXECUTIVE:	Arianna Walker
REGISTERED OFFICE:	Cragg Royd Lowertown Oxenhope BD22 9JE
BANK:	Santander Bank Bridle Road, Bootle, Merseyside, GIR OAA
AUDITOR:	Torevell Dent (Audit) LLP Chartered Certified Accountants Centre of Excellence, Hope Park, Trevor Foster Way, Bradford, BD5 8HH
COMPANY NUMBER:	5373315
CHARITY NUMBER:	1111377
OTHER NAMES USED:	Mercy UK

AUDITOR'S REPORT

*REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MERCY MINISTRIES
UK FOR THE YEAR ENDED 31 DECEMBER 2022*

OPINION

We have audited the financial statements of Mercy Ministries UK for the year ended 31st December 2023 as set out on pages 12 to 18. The reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members as a body, in accordance with Section 144 of the Charities Act 2011 made under Section 154 of the Act. Our audit work has been undertaken so that we might state to the charity's trustees, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of reserves 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 properly prepared in accordance with the requirements of the Charities Act 2011.



AUDITORS REPORT

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or has no realistic alternative to do so.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustee's 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 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.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the



other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA's (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.

The risk of material misstatement in respect of irregularities, including fraud has been assessed as low. We gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates and considered the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Charities Act 2011, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with the management team. There are inherent limitations in the audit procedures described



above 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. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluation whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained during the audit, we have not identified material misstatements in the trustee's report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- The charitable company has not kept adequate accounting records and returns; or
- The financial statements are not in agreement with accounting records and returns; or
- We have not received all the information we require for our audit.

SIGNED:

Samantha Sutcliffe F.C.C.A. (Senior Statutory Auditor)

For and on behalf of Torevell Dent (Audit) LLP
Chartered Certified Accountants
Statutory Auditor
1-3 St Ann's Place
Pellon Lane
Halifax
HX1 5RB

Date: 1 September 2024

Torevell Dent (Audit) LLP is eligible to act as auditor in terms of section 121 of the Companies Act 2006.



MERCY MINISTRIES UK

STATEMENT OF FINANCIAL ACTIVITIES

Summary Income and Expenditure Account for the year ended 31st December 2022

	<u>Notes</u>	<u>Unrestricted Funds</u>	<u>1280507 Funds</u>	<u>2023 Total</u>	<u>2022 Total</u>
Income and endowments from:					
Donations and legacies	4	386,795	590,267	977,062	1,261,367
Charitable activities		63,821	-	63,821	9,977
Other trading activities		32,688	-	32,688	24,606
Total income		483,304	590,267	1,073,571	1,295,950
Expenditure on:					
Raising funds		50,914	-	50,914	96,709
Charitable activities	5	571,668	590,267	1,161,935	1,281,663
Other					
Total expenditure		622,582	590,267	1,212,849	1,378,372
Net income/(expenditure)		(139,278)	-	(139,278)	(82,422)
Transfer between funds		-	-	-	-
Total funds brought forward		(409,803)	1,792,964	1,383,161	1,465,583
Total funds carried forward		(549,081)	1,792,964	1,243,883	1,383,161

The notes which start on pages 25 form part of these financial statements

MERCY MINISTRIES UK

BALANCE SHEET

for the year ended 31st December 2022

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Fixed assets	6	1,280,507	1,363,695
Current Assets			
Stock		5,226	6,815
Debtors & prepayments	7	11,940	17,491
Cash at bank and in hand		27,188	124,836
		<u>44,354</u>	<u>149,142</u>
Creditors: amounts due within one year	8	<u>(80,978)</u>	<u>(129,676)</u>
Net Current Assets		(36,624)	19,466
Total net assets		<u>1,243,883</u>	<u>1,383,161</u>
Reserves			
Unrestricted funds	10	(549,081)	(409,803)
Restricted funds	10	1,792,964	1,792,964
Total funds		<u>1,243,883</u>	<u>1,383,161</u>

The financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and with the Charities SORP (FRS102) (effective January 2015)

Approved by the board of directors and trustees on 5th September and signed on its behalf by:



Fiona Taylor
Chair of Trustees

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Basis of preparation of accounts

The financial statements have been prepared in accordance with 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 2015 (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

The assessment of the charity is a going concern.

The trustees have reviewed the cash position of the charity and cash forecasts at the date of signing the financial statements and are satisfied that the charity will be able to meet its financial commitments but acknowledge the challenges ahead given the current economic landscape and pressures facing charities.

The trustees believe the charity is well placed to manage its financial risks successfully despite the current economic climate. Due consideration has been given to key financial risks and, in line with Charity Commission guidance, a financial risk assessment continues to be reviewed and mitigations identified.

The trustees have a reasonable expectation that the measures in place are adequate to continue in operational existence for the foreseeable future. As a result, the trustees continue to adopt the going concern basis in preparing the financial statements.

Incoming resources

Income is recognised and included in the accounts when all the following criteria are met:

- The Charity has entitlement to the funds;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

For legacies, entitlement is taken as the earlier of:

- The date on which the charity is aware that probate has been granted
- The estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made; or
- When a distribution is received from the estate.

Donated services and facilities

Donated services and facilities are recognised as income when the Charity has control over the item, and conditions associated with the donated item have been met, the



receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised based on the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market: a corresponding amount is then recognised in expenditure in the period of receipt.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds
- Expenditure on charitable activities

Expenditure which is directly attributable to specific activities has been included in these cost categories. Where costs are attributable to more than one activity, they have been apportioned across the cost categories on a basis consistent with the use of these resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost over their expected useful economic lives as follows:

Computer equipment	33% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis
Furniture and equipment	25% on a reducing balance basis
Freehold property	4% on a straight line basis

Stock

Stock is valued at the lower of cost and net realisable value. Donated items of stock are recognised on receipt at fair value which is the amount the Charity would have been willing to pay for the items on the open market.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their



estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income and expenditure account over the relevant period. The capital element of the future payments is treated as a liability.

		2023	2022
STAFF	Salaries and wages	£724,935	£818,213
SALARIES AND	Social security costs	£61,302	£63,116
NATIONAL		£786,237	£881,329
INSURANCE			

The average weekly number of staff employed, calculated as fulltime equivalents during the year was 30 (2021:31). No remuneration or expenses were paid to any of the trustees during the year. No employee received remuneration of £60,000 per annum or more.

NET INCOME	Net income is stated after charging:	2022	2021
	Depreciation	£86,241	£86,241
	Audit fee	£3,840	£3,840
	Income from donations and legacies	2023	2022
	Regular giving	£179,103	£279,970
	Restricted fund donations	£590,267	£716,415
	Donations	£98,490	£113,084
	Grants received from Trusts	£58,500	£85,368
	Gift Aid received	£50,702	£66,530
		£977,062	£1,261,367

STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

5 Expenditure on Charitable Activities

	<u>2023</u>	<u>2022</u>
International Affiliation fees	10,997	10,400
Staff costs and National Insurance	786,237	881,329
Recruiting and training	63,207	50,504
Premises costs	61,677	42,358
Programme activity costs	46,058	75,625
Administration costs	57,880	65,731
Motor and travel costs	14,014	19,398
Tithes	34,416	43,930
Depreciation and loss on sale of assets	83,188	86,241
Finance costs	181	2,307
Audit fee	4,080	3,840
	<u>1,161,935</u>	<u>1,281,663</u>

Tithes

It is a founding principle of Mercy UK to give away at least 10% of all unrestricted income to organisations and individuals that are involved in or do work that is in alignment with our vision. Donations made this year include gifts to former resident and individuals on mission trips, churches and other ministry organisations.

6 Tangible Fixed Assets

	Freehold Property £	Computer Equipment £	Furniture & Equipment £	Totals £
<u>Cost</u>				
At 1 st January 2023	1,903,447	92,413	51,029	2,046,889
Additions	-	-	-	-
Disposals at cost	-	-	-	-
Current	<u>1,903,447</u>	<u>92,413</u>	<u>51,029</u>	<u>2,046,889</u>
<u>Depreciation</u>				
At 1 st January 2023	563,738	79,757	39,699	683,194
Charge for period	76,138	4,218	2,832	83,188
Elim on disposal	-	-	-	-
At 31st December 2023	<u>639,876</u>	<u>83,975</u>	<u>42,531</u>	<u>766,382</u>
<u>Net Book Value</u>				
At 31 December 2023	<u>1,263,571</u>	<u>8,438</u>	<u>8,498</u>	<u>1,280,507</u>
At 31 December 2022	<u>1,339,709</u>	<u>12,656</u>	<u>11,330</u>	<u>1,363,695</u>

STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

7 Debtors: Amounts falling due within one year

	<u>2023</u>	<u>2022</u>
Prepayments	10,175	15,093
Debtors	1,765	2,398
	<u>11,940</u>	<u>17,491</u>

8 Creditors: Amounts falling due within one year

	<u>2023</u>	<u>2022</u>
Trade creditors	14,725	14,067
Social Security	59,754	22,824
Accruals	6,499	92,785
	<u>80,978</u>	<u>129,676</u>

9 Operating Lease Rentals

	<u>2023</u>	<u>2022</u>
Annual operating lease rentals on equipment	<u>3,208</u>	<u>2,799</u>

10 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Totals £
Tangible fixed assets	-	1,280,507	1,280,507
Net current (liabilities) / assets	(549,081)	512,457	(36,624)
Transfer between funds	-	-	-
Net assets 31st December 2023	<u>(549,081)</u>	<u>1,792,964</u>	<u>1,243,883</u>

11 APB Ethical Standards

In common with many other charities of our size and nature we use our auditors to prepare accounts and submit returns to the tax authorities. Payment for non-audit services totalled £875 (2022: £825).



TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2023		2022	
	£	£	£	£
Turnover				
Regular giving		179,103		279,969
Donations		747,257		914,870
Merchandise sales		30,191		21,070
Other income		2,497		3,534
Gift Aid		50,702		66,530
Fundraising		63,821		9,977
		1,073,571		1,295,950
Cost of sales				
Fundraising events and merchandise costs	50,914		96,709	
		(50,914)		(96,709)
Gross Profit		1,022,657		1,199,241
Expenditure				
Rates and water	3,034		2,629	
Insurance	9,676		9,197	
Light and heat	32,688		14,638	
Property maintenance	16,279		15,894	
Wages and National Insurance	786,237		881,329	
Telephone	2,680		4,825	
Printing and stationery	668		2,710	
Postage	5,364		7,843	
Travel and accommodation	10,806		16,599	
Training	8,962		9,403	
Corporate Service team costs	54,245		41,101	
Project motor costs	6,005		14,228	
Current	3,208		2,799	
Professional, consultancy and audit fees	10,997		10,400	
Resident recreation and resource costs	6,493		4,613	
	91		216	
Carried forward	957,433	1,022,657	1,038,424	1,199,241



TRADING AND PROFIT AND LOSS ACCOUNT
(CONTINUED)

	2023		2022	
	£	£	£	£
Brought forward	957,433	1,022,657	1,038,424	1,199,241
Website costs	57		447	
Programme non food costs	39,962		61,181	
Subscriptions	1,594		562	
IT costs	41,657		43,995	
Tithes	34,416		43,930	
Sundry expenses	<u>3,447</u>		<u>4,576</u>	
		(1,078,566)		(1,193,115)
		(55,909)		6,126
Finance costs				
Loan interest			1,623	
Bank charges	<u>181</u>		<u>684</u>	
		(181)		(2,307)
		(56,090)		3,819
Depreciation				
Freehold property	76,138		76,138	
Furniture and equipment	2,832		3,776	
Computer equipment	<u>4,218</u>		<u>6,327</u>	
		(83,188)		(86,241)
Net (Expenses)		<u>(139,278)</u>		<u>(82,422)</u>

*THANK
YOU!*



[mercyuk.org](https://www.mercyuk.org)