

2022

ANNUAL REPORT



mercyuk.org

CONTENTS

Annual Review

- 04** Aims & Objectives
- 05** “We didn’t stop there...”
 - Introducing the Freedom Course*
 - Reassessing our Residential Programme*
- 08** Thanking our supporters
- 09** Testimonies
- 10** Financial Review
- 13** Risk Management
- 15** Plans for Future Periods
- 16** Statement of Trustee Responsibilities
- 17** Structure, Governance and Management
- 19** Reference and Administrative Detail

Auditor’s Report & Financial Statements

- 20** Auditor’s Report
- 24** Statement of Financial Activities
- 25** Balance Sheet
- 26** Notes to The Financial Statements
- 31** Trading and Profit And Loss Account



LIVE FREE, STAY FREE

WHO WE ARE

We want every Christian to have the tools they need to thrive: To experience real freedom from the issues that hold them back and to navigate life's challenges from this place of wellbeing and wholeness.

ISAIAH 61

HE HAS SENT US TO "BIND UP THE BROKEN-HEARTED, TO PROCLAIM FREEDOM TO THE PRISONERS AND RELEASE FROM DARKNESS FOR THE CAPTIVES TO COMFORT ALL WHO MOURN, AND PROVIDE FOR THOSE WHO GRIEVE IN ZION..."



AIMS & OBJECTIVES

HOW WE HELP *We help Christians live free and stay free through a range of services, training and resources that deepen their relationship with God, self and others.*

During 2022 our services included:

Our Mercy Home

An online and onsite, free of charge discipleship programme for women with life-controlling issues.

The Freedom Course

A 16-week course to help you 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 you live free and stay free.

Training, resources and speaking engagements

Designed to educate, equip and empower you and your church.

OUR AIMS AND OBJECTIVES **The objectives of Mercy UK as set out in our Memorandum and Articles of Association are:**

- (a) to provide relief and support to women and girls affected by poverty, pregnancy, sickness, hardship and distress, deprivation, destitution and helplessness.*
- (b) to provide shelter and/or benevolent relief to women and girls in need of care by reason of their social, emotional and economic circumstances.*
- (c) to promote the gospel of the Lord Jesus Christ and the teachings of the word of God through the presentation of 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 shall further the attainment of the above objectives of the Company or any of them.*

The trustees have referred to the Charity 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.



WE DIDN'T STOP THERE...

2022 SAW SOME OF THE MOST SIGNIFICANT DEVELOPMENTS FOR MERCY UK SINCE WE FIRST OPENED THE DOORS OF OUR HOME BACK IN 2006.

Coming out of the global pandemic, 2022 started as a year of hope – the chance to put years of turmoil behind us. But the truth is that the UK, like the world as a whole, lurched from one crisis into another.

While health fears started to subside, they were replaced with a cost of living crisis and war on the doorstep of Europe. It was increasingly clear that we remained in the grip of a mental health and wellbeing crisis, on a scale that we haven't seen for a generation, and one which wasn't about to subside anytime soon. As the statistics show, Christians and the Church as a whole are not immune to the mental and emotional impact of these challenges.

With 16 years' worth of experience helping people navigate rough terrain by equipping them with the tools they need to take care of their physical, mental and spiritual health, we knew we needed to do something.

Our residential programme had seen hundreds of women walk through the doors of the Mercy Home to find freedom and transformation, but this was only available to women from 18 to around 30 years of age.

Our mental health awareness training has seen thousands of people equipped to respond to mental health challenges in their church, but people need more than speeches and one-off training days.

Over 30,000 people had bought a copy of our Keys to Freedom workbook, which contains the core principles of the biblical approach Mercy UK uses, but when facing a large-scale mental health crisis people need more than a self-guided workbook.

So, we didn't stop there.

Throughout the course of 2022, we continually took a step back to ask ourselves this question: "How can we use the tools that God has given us to help more people?"

INTRODUCING: THE FREEDOM COURSE

Watch the promo
video here:
Mercyuk.org/FC



In September 2022, we officially gave everyone a glimpse of our brand-new service, the Freedom Course: a 16-week, one-to-one, remote support service for men and women.

The Freedom Course is made up of 10 hours of therapeutic engagement every week and includes access to a registered counsellor, weekly sessions with a trained Freedom Course Facilitator and access to practitioners in fitness, nutrition and occupational therapy. Participants are also offered lifetime access to our dedicated Aftercare team.

THE PILOT

In 2022, we took our first pilot participants through the course. The results, even in those early days, were so encouraging. Using the industry-standard Core 10 framework, we regularly measured the wellbeing of participants. Where counselling alone traditionally sees incremental improvement over a long period of time, we were seeing changes to an



individual's wellbeing within weeks. You can read one of their testimonies on page 9.

RUBIES & PEARLS

What started the year on a whiteboard was launched nine months later on the grounds of Kensington Palace at our Rubies & Pearls fundraising event. As well as helping to raise vital funds, this was an opportunity to announce how we as a charity were going to reach more people than ever before. It was such a privilege to spend the evening with new and old supporters alike; people that have journeyed with Mercy since the beginning and people that were hearing our testimonies for the very first time.

A GLIMPSE OF THE DEMAND

By the end of the year, with very little promotion, we had already received over 150 expressions of interest to apply for the Freedom Course. Many of these were people who had been supporters of Mercy for years, but had never met the criteria for our residential programme. Interestingly though, many were ideal candidates for our residential programme, but preferred the format of this remote provision. It soon became abundantly clear that the Freedom Course could enable us to better serve those we'd always focused on, while also making our support accessible to everyone else.

REASSESSING THE RESIDENTIAL PROGRAMME

Mercy UK's 6-month residential programme for young women has always been at the heart of what we do since we first opened our doors in 2006. Every other service and resource that we have created was crafted out of this frontline work.

However, over the last few years we had noticed a trend – more people than ever were needing to find breakthroughs in their lives, but there was less desire to apply for a residential programme. Between October 2021 and October 2022 the total active applications had dropped by 50%. This wasn't just unique to us either – it was happening across the globe.

Our residential provision was facing other challenges too. Regulatory changes in legislation post-Brexit and an increase in applications from people on Schedule 2 Controlled drugs was making it harder to say yes to those who were applying.

All these factors combined meant that it was harder to keep the residential programme at optimum capacity, which was drastically increasing the cost per head to provide this provision.

So we took a step back and asked: how can we use the tools that God has given us to help more people?

In December, we decided to respond to the needs we were seeing and divert our resources from our 6-month residential programme and pour them into the Freedom Course. As a result nothing changed about the freedom being encountered when God is able to minister to the root of people's issues. But, everything changed about the potential to break down barriers and enable more people to start that freedom journey.

THANKING OUR SUPPORTERS

As the cost of living crisis started to squeeze, we were so incredibly grateful for those who continued to stand by us. This support gave us the stability that enabled us to continually re-evaluate how we can reach those in need of freedom.



LIVERPOOL ONE / BRAVEHEART

In 2022, Liverpool One church invited the people attending their Braveheart women's conference to fundraise for Mercy UK. Individuals were given £10 each to invest in a fundraising idea and the results were incredible. From those little seeds we saw over £7,000 worth of donations from hundreds of different ideas!

SUPPORTER FUNDRAISING

We are so grateful for the supporters who went out of their way to fundraise on our behalf. This year that included ladies from Joy Community Church (pictured left) who undertook a Colour Fun Run for Mercy UK and raised £1,000!

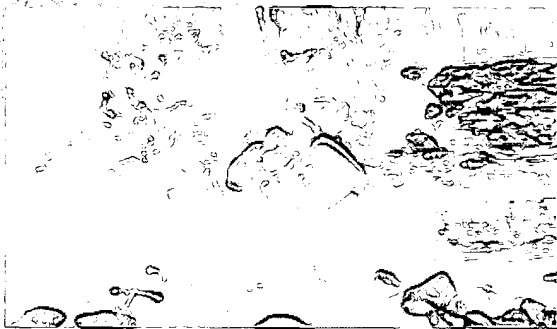
CHRISTMAS APPEAL

Our Christmas appeal was our first announcement of the Freedom Course to our supporters. We were so blessed by the support we received, raising over £26,000. We featured some fantastic testimonies from Chris, Laura and Jess, all sharing how they had found freedom in their lives by encountering the healing and restoration that only God can provide. All three had worked through the same process and curriculum that is at the heart of the Freedom Course. It's a process that enables people to untangle the complexity of their challenges and invite God to address the root causes of their struggles.



TESTIMONIES

RESIDENTIAL PROGRAMME



"2020 threw a massive wall of doubt between me and the God I thought I knew... However, there really is no wall He won't kick down and no lie He won't tear down. Over my time at Mercy, His truth continued to rebuild the bridge, brick by brick, until the moment where He joined all the dots together and I could see it so clearly, that He has been there all along. He's never left my side and has been weaving it all together into His beautiful perfect plan.

My voice that's been silenced for so long has been restored. When the enemy roared how damaged I am, the voice of truth came rushing in declaring 'there is nothing wrong with you... It's NOT your fault!'

I can walk out of Mercy with the confidence of knowing the Father's heart and His fierce protection over me. I can walk out with the freedom that I do not have to live bound by my past, but live free in my beautiful, covenant-love relationship with the One who will lead and guide me on to an adventure together, beyond anything I could have ever thought of or even imagined."

FREEDOM COURSE

One of the pilot participants was a church pastor with a young family. She had become increasingly aware of the impact that past trauma was having on her emotions and her ability to lead her congregation, but felt she had nowhere to turn.

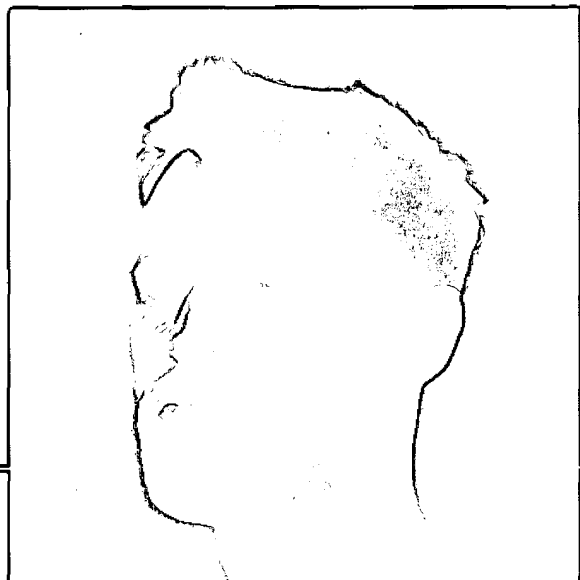
Within weeks of journeying through the Freedom Course she sent us this feedback:

"There's definitely been a huge change in me. I'm challenging my responses and feelings of hurt and rejection - that is not normal for me! It has been life-changing for me and my family.

I've never felt so supported and am learning my disorders are just a means of coping. The biggest thing I've noticed is I haven't felt rage over these weeks - just peace."

KEYS TO FREEDOM

To watch Chris' story of how going through Keys to Freedom helped him to stop focusing on his own failures, visit: www.mercyuk.org/chris



22

FINANCIAL REVIEW

2022 continued to present financial challenges. Like many charities, the cost of living crisis and the war in Ukraine both had a real-time impact on our income. Less people were in a position to give and many people were using their precious resources to respond to the catastrophic violence that was happening so close to home.

INCOME

We are so incredibly grateful to our loyal supporters and financial partners who continued to sow into the lives of those in need, despite the challenges to their personal finances. The combined performance of regular giving, direct fundraising, training, events and resources yielded £1.296m. This was 83% of the £1.561m forecasted amount in the original plan for the year.



2022 Total Income: £1.296m

2021: £1.190m

Income and endowments from:

- Donation and legacies = £1.261m (97%)
- Charitable activities = £10k (1%)
- Other trading activities = £25k (2%)

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 2022 was £1.379m, (2021: £1.286m) a 7.8% increase in spending from 2021.



2022 Total Expenditure: £1.379m

2021: £1.286m

- Raising funds = £97k (8%)
- Charitable activities = £1.282m (92%)

This means that in 2022, 92% of our income was allocated against our charitable activities. That's 92p in every £1!



In our approach to financial management, we continue to uphold our founding principles:

1. *Our residential Christian discipleship programme is provided completely free of charge.*
2. *We give away at least 10% of all unrestricted donations received to other Christian ministries.*
3. *No money is accepted from any governmental body or other source that will compromise our practice of Christian principles within the residential discipleship programme or other services provided.*

**RESERVES
POLICY**

On the 31st December 2022, our total reserves stood at £1.383m (2021: £1.466m) the majority of which are restricted funds represented by fixed assets for use by the charity and which cannot be turned into cash.

The policy for reserves is to hold unrestricted funds not committed or invested in tangible assets ("the free reserves") to the total of 3 months of resources expended, in addition to the known income received each month.

The year ended with unrestricted reserves of -£410k (2021: -£143,441). The 2022 target reserves total which represents the total of 3 months of resources expended was £140k.

The trustees have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission.

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**

2022 was a year full of challenges, but we are so excited about the paths opening up for Mercy UK to reach more people than ever before.

Although this year made it clear that some big changes are ahead for the way in which Mercy UK supports people, the heart and mission hasn't changed in the slightest. The charity is still wholeheartedly committed to seeing Christians and the UK Church find freedom and healing from life's hurts. We are confident that some of the difficult decisions that had to be made, especially towards the end of 2022 as we decided to stop the 6-month residential programme, will mean that Mercy UK is better placed to keep seeing people live free and stay free.

The charity receives no government funding for its work. 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 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. They are also satisfied that the Senior Leadership Team are seeking to diversify the charity's income streams further to reduce this risk and monitor the financial position of the charity in regular sub-committee reviews of the management accounts.

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 has been undertaken 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.

In response to the cost of living increases and because we continue to remain in faith for our finances, we introduced a Going Concern Framework in 2022. This is to help us track and mitigate financial risks and formalise the board's response at various thresholds of Mercy UK's going concern position.

HEALTH, SAFETY & WELLBEING *Our commitment to provide a safe environment to facilitate the health and wellbeing of staff, volunteers and beneficiaries, especially residents in our residential home.*

Throughout 2022, we continued to invest in the wellbeing of our staff. This included securing a partnership with Health Assured to provide an Employee Assistance Programme for staff and family members with free access to counselling as well as legal and financial advice.

To promote continued personal development, we also took advantage of the government's funding for apprenticeship courses and have invested in the ongoing training and development of a number of the team who are now undertaking Level 6 and Level 7 apprenticeship courses.

SAFEGUARDING *Safeguarding of vulnerable adults and third parties: Promoting the welfare of children and vulnerable adults with the aim of protecting them from harm.*

Mercy UK's safeguarding policy is embedded in our practice and reviewed annually. We benefit 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.

In 2022, we facilitated a consultation with a former resident forum to help us understand the impact of the closure of the residential programme and how we might continue to offer support and signposting to all our former residents.

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

Mercy UK operates in line with an Ethical Framework. Our Statement of Ethical Practice is available on our website.

STAFF SURVEY

As a means of reviewing our practice, as well as the engagement and experience of our staff teams, employees of Mercy UK participate in an annual survey to identify and explore any areas of improvement in our practice. The results of our 2022 survey were encouraging:

100%

AGREE



MERCY UK
EMBODIES
THE CORE
VALUE OF
PASSION
FOR GOD

90%

AGREE



MERCY UK
EMBODIES
THE CORE
VALUE OF
PASSION FOR
PEOPLE

95%

AGREE



MERCY UK
EMBODIES
THE CORE
VALUE OF
PASSION FOR
EXCELLENCE

I FEEL
PROUD
TO WORK
AT MERCY
UK



90% AGREE





PLANS FOR FUTURE PERIODS

FREEDOM COURSE

After the successful pilot of the Freedom Course, 2023 will be the year in which we officially open up to applicants. In this first year we anticipate we will take 50 participants through the course, which is a threefold increase in the number of people we can support one-to-one.

TRAINING

40% of churchgoers have experienced mental health issues and yet 65% said their church had not been supportive. We know that churches – and church leaders especially – need to be equipped to deal with the tsunami of mental health and wellbeing needs in our communities and our congregations. In 2023, we plan to meet this need by securing funding to allow us to run free in-person MPower and Keys to Freedom Facilitator training events across the country.

RESOURCING CHRISTIANS

Our social media and email platforms are increasingly becoming a key part of our mission to put our tools, resources and insights into the hands of Christians everywhere. We aim to make much more of our resources and insight available so that people can continue to deepen their own relationship with God, self and others.

RESIDENTIAL PROVISION

Over the next year we will be exploring whether we will offer a residential aspect to our services in the future. While we know this will not take the form of a full 6-month programme, we also know that sometimes people need to take time out of their day-to-day life to focus on their wellbeing, especially when tackling complex mental, emotional or spiritual issues.



STATEMENT OF TRUSTEE RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

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 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 they ought to have 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 5th September 2023 and signed on its behalf by:

Helen Edwards
Acting 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 2022 was seven.

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.

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 Chair to familiarise themselves with the charity alongside a tour and visit to Mercy UK.

STRUCTURE AND DECISION MAKING

The Board of Trustees at the end of 2022, consisted of seven members.

The trustees meet four times a year to review strategy and operational or financial performance together with the charity's Chief Executive Officer and other members of 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, Director of Development and the Director of Operations 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 both by telephone and written communication and also at the trustee's meetings. 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 2022, the practice of holding sub-committees continued, which allows for more strategic discussion and decision-making into key areas of risk. In 2022, a Going Concern sub-committee was approved delegated powers by the trustees to support the Senior Leadership Team in navigating the charity's financial hardship.

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 2022

COMPANY NAME	Mercy Ministries UK
DIRECTORS & TRUSTEES:	Chair: Helen Edwards (appointed Chair on 25/04/2019) Dr. Rob Waller (appointed 24/10/2018) Llyn Morrow (MMI) (appointed 25/04/2019) Warrick McCullough (appointed 25/04/2019) Debbie Wattis (appointed 25/04/2019) Eric Camp (appointed 25/11/2019) Zara Mapanga (appointed 16/05/2022)
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, L30 4GB
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 2022 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 2022 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.

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

22

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

22

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 2023

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

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MERCY MINISTRIES UK

STATEMENT OF FINANCIAL ACTIVITIES

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

	Notes	Unrestricted Funds	Restricted Funds	2022 Total	2021 Total
Income and endowments from:					
Donations and legacies	4	544,952	716,415	1,261,367	1,085,132
Charitable activities		9,977	-	9,977	68,090
Other trading activities		24,606	-	24,606	36,923
Total income		579,535	716,415	1,295,950	1,190,145
Expenditure on:					
Raising funds		96,709	-	96,709	71,431
Charitable activities	5	743,302	538,361	1,281,663	1,214,946
Other		-	-	-	-
Total expenditure		840,011	538,361	1,378,372	1,286,377
Net income/(expenditure)		(260,476)	178,054	(82,422)	(96,232)
Transfer between funds		-	-	-	-
Total funds brought forward		(149,327)	1,614,910	1,465,583	1,561,815
Total funds carried forward		(409,803)	1,792,964	1,383,161	1,465,583

The statement of financial activities includes all gains and losses in the year. All incoming sources and resources expended derived from continuing activities.

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

BALANCE SHEET

for the year ended 31st December 2022

	Notes	2022	2021
Fixed assets	6	1,363,695	1,449,936
Current Assets			
Stock		6,815	5,814
Debtors & prepayments	7	17,491	15,734
Cash at bank and in hand		124,836	81,951
		<u>149,142</u>	<u>103,499</u>
Creditors: amounts due within one year	8	<u>(129,676)</u>	<u>(87,852)</u>
Net Current Assets		19,466	15,647
Total net assets		<u>1,383,161</u>	<u>1,465,583</u>
Reserves			
Unrestricted funds	10	(409,803)	(143,441)
Restricted funds	10	1,792,964	1,609,025
Total funds		<u>1,383,161</u>	<u>1,465,584</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:



Helen Edwards
Director and Trustee

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 Covid-19 pandemic affected the Charity's ability to continue delivering its training and speaking engagements, a significant income stream for the organisation. However, due to robust measures and excellence governance, the Trustees and the Management Team were able to quickly adapt to the change in circumstances. Cashflow forecasts were adjusted to reflect the uncertainties and the short term and long-term objectives of the Charity were reconsidered.

Many of the services have been adapted to be able to be delivered remotely to protect income streams and an in-depth review of expenditure has led to measures being implemented to reduce any expenditure considered to be non-essential to meet the short- and medium-term objectives of the Charity.

Since the balance sheet date the level of monthly regular giving has continued without any significant loss. Whilst plans are in place to attract new donors, the conservative assumption for the forecasts is that giving will continue at the 2021 level.

Furthermore, the terms of repayment of the loan from Goshen Trust have been extended beyond twelve months and the high-level donors have committed for the following 12 months.

Cashflow forecasts including consideration of the reserves of the Charity show positive cashflows for the foreseeable future.

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.

22

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.

		2022	2021
STAFF SALARIES AND NATIONAL INSURANCE	Salaries and wages	£818,213	£800,009
	Social security costs	£63,116	£60,257
		£881,329	£860,266

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	£90,664
	Audit fee	£3,840	£3,540
	Income from donations and legacies	2022	2021
	Regular giving	£279,970	£232,097
	Restricted fund donations	£716,415	£700,736
	Donations	£113,084	£63,222
	Grants received from Trusts	£85,368	£50,882
	Gift Aid received	£66,530	£38,195
		£1,261,367	£1,085,132

22

STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

⑤ Expenditure on Charitable Activities

	2022	2021
International Affiliation fees	10,400	21,357
Staff costs and National Insurance	881,329	860,266
Recruiting and training	50,504	33,491
Premises costs	42,358	39,354
Residential programme activity costs	75,625	67,975
Administration costs	65,731	44,506
Motor and travel costs	19,398	9,181
Tithes	43,930	44,358
Depreciation and loss on sale of assets	86,241	90,664
Finance costs	2,307	254
Audit fee	3,840	3,540
	1,281,663	1,214,946

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 £
Cost				
At 1 st January 2022	1,903,447	92,413	51,029	2,046,889
Additions	-	-	-	-
Disposals at cost	-	-	-	-
At 31st December 2022	1,903,447	92,413	51,029	2,046,889
Depreciation				
At 1 st January 2022	487,600	73,430	35,923	596,953
Charge for period	76,138	6,327	3,776	86,241
Elim on disposal	-	-	-	-
At 31st December 2022	563,738	79,757	39,699	683,194
Net Book Value				
At 31 December 2022	1,339,709	12,656	11,330	1,363,695
At 31 December 2021	1,415,847	18,983	15,106	1,449,936

22

STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

7 Debtors: Amounts falling due within one year

	2022	2021
Prepayments	15,093	14,110
Debtors	2,398	1,624
	17,491	15,734

8 Creditors: Amounts falling due within one year

	2022	2021
Trade creditors	14,067	17,304
Social Security	22,824	19,884
Accruals	92,785	30,664
Loan	-	20,000
	129,676	87,852

9 Operating Lease Rentals

	2022	2021
Annual operating lease rentals on equipment	2,799	3,566

10 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Totals £
Tangible fixed assets	-	1,363,695	1,363,695
Current assets	131,651	17,491	149,142
Current liabilities	(541,454)	411,778	(129,676)
Transfer between funds	-	-	-
Net assets 31 st December 2022	(409,803)	1,792,964	1,383,161

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 £825 (2021: £825).

22

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

	2022		2021	
	£	£	£	£
Turnover				
Regular giving		279,969		232,097
Donations		914,870		814,840
Merchandise sales		21,070		21,049
Other income		3,534		15,874
Gift Aid		66,530		38,195
Fundraising		9,977		68,090
		1,295,950		1,190,145
Cost of sales				
Fundraising events and merchandise costs	96,709		71,431	
Gross Profit		1,199,241		1,118,714
Expenditure				
Rates and water	2,629		5,644	
Insurance	9,197		6,910	
Light and heat	14,638		12,338	
Property maintenance	15,894		14,462	
Wages and National Insurance	881,329		860,266	
Telephone	4,825		4,212	
Printing and stationery	2,710		3,152	
Postage	7,843		4,974	
Travel and accommodation	16,599		5,615	
Training	9,403		17,604	
Corporate Service team costs	41,101		15,887	
Project motor costs	14,228		9,838	
Leasing costs	2,799		3,566	
International affiliation fees	10,400		21,357	
Professional, consultancy and audit fees	4,613		5,417	
Resident recreation and resource costs	216		2,012	
Carried forward	1,038,424	1,199,241	993,254	1,118,714

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TRADING AND PROFIT AND LOSS ACCOUNT
(CONTINUED)

	2022		2021	
	£	£	£	£
Brought forward	1,038,424	1,199,241	993,254	1,118,714
Project food costs	27,100		26,464	
Website costs	447		535	
Programme non food costs	34,081		29,661	
Subscriptions	562		4,224	
IT costs	43,995		20,380	
Tithes	43,930		44,358	
Sundry expenses	4,576		5,152	
		1,193,115		1,124,028
		6,126		(5,314)
Finance costs				
Loan interest	1,623		-	
Bank charges	684		254	
		2,307		254
		3,819		(5,568)
Depreciation				
Freehold property	76,138		76,138	
Furniture and equipment	3,776		5,035	
Computer equipment	6,327		9,491	
		86,241		90,664
Net(Expenses)		(82,422)		(96,232)

THANK
YOU!