



2021

ANNUAL REPORT

EST. 2006

*Celebrating 15 years of restoring hope and
transforming lives*



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



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LIVE FREE, STAY FREE

WHO WE ARE

Established in 2005, Mercy UK is committed to restoring hope and transforming lives in partnership with local churches across the UK through the provision of a residential home for young women, discipleship resources and training to equip churches in their pastoral care.



AIMS & OBJECTIVES

HOW WE HELP “Restoring hope, transforming lives in partnership with local churches across the UK”

Mercy UK is committed to restoring hope and transforming lives by empowering Christians to develop their relationship with God, self and others. We offer a wide range of services online and onsite to equip you with the tools to live free and stay free.

Our services include:

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

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 – 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 from 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 objects 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.



CELEBRATING 15 YEARS

Since Mercy first opened the doors of our Residential Home in 2006, this scripture has remained at the heart of everything we do:

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..."

ISAIAH 61

In September of 2021 we celebrated our 15th Birthday of living this scripture! 15 years of seeing God bring freedom, hope and transformation to hundreds of young women in our Mercy home and thousands of people through all of our other services.

It was such a blessing, in the midst of a global pandemic that was still causing uncertainty and instability, to take time to pause and reflect on the stable foundations that God has built in this ministry, and the certainty we have that His work is not yet done.

We are so grateful to the supporters – new and faithful – who enable this ministry to keep going and growing like never before.

Here are some of our highlights from the year:

CELEBRATING OUR HERITAGE

BACK TO THE HEART, BACK TO THE START LAUNCH

At the end of 2019 we asked our supporters to send in questions about the early days of Mercy UK. We launched our birthday year with a half an hour exclusive interview with Arianna and Debbie, who have pioneered Mercy since the beginning. You can still watch this video here: https://youtu.be/L_kwTg7_M38

REACHING NEW AUDIENCES



KONNECT RADIO – BREAKFAST SHOW SPONSOR

For an entire year, starting on March 1st, we appeared on Konnect Radio every Wednesday morning as the sponsors of their Breakfast show. Konnect is a fast-growing Christian radio station, and this regular slot became a wonderful platform to celebrate stories and share faith-filled thoughts with Christians across the UK and abroad.



BBC RADIO 4 – EASTER SUNRISE SERVICE

It was a huge privilege to lead the BBC Radio 4 Easter Sunrise service. Arianna, Debbie and one of our former residents did a wonderful job of sharing the heart of God to millions of listeners across the country on the UK's most respected talk-radio show.



TBN – STATE OF FAITH

At the start of 2020 the TBN crew spent time in the Mercy Home filming for their 'State of Faith' series, which explored how the message of Jesus was travelling around the globe. It focused on areas seeing the greatest growth, so it was such a blessing that Mercy was able to represent what God is doing in the episode about the UK & Ireland.

XCEL MEN'S CONFERENCE

After a year and half of fluctuating lockdowns and social distancing, it was incredible to be a part of an event that saw over 2000 men come together in person to worship and grow

spiritually. At the event we invited the delegates to join us in deepening their faith. We had over 200 join a remote Keys to Freedom support group, and over 900 walked away with a copy of our Keys to Freedom discipleship workbook.





BIRTHDAY FETE

To mark our actual birthday in September, we flung open the doors of Mercy and held a Birthday Fete for the village, supporters, friends and family. We had a magical day, complete with carnival games, stalls, food vendors, bouncy castles and the entire staff team dressed up as Disney Characters for the children to find!

However, the biggest highlight of all came from conducting back-to-back home tours throughout the day. We had streams of people lining up to be shown around the Mercy Home, many of whom had no idea what Mercy even do. It was incredible to see how many people went in curious, and came out visible overcome with emotion at hearing how many lives had been completely and radically transformed within those walls.

RAISING AWARENESS

CAR COMPETITION

One of the analogies we often use to describe our work at Mercy is ‘helping people to navigate the rough terrain of our lives’. To help us celebrate 15 years of helping people navigate all sorts of rough terrain, one of our incredible supporters donated a stunning Isuzu 4x4 for us to use as an incredible competition prize! Over 1000 people entered for their chance to win, with the winner being announced live on Facebook.

CHRISTMAS APPEAL

We wanted to round off the year by focusing on a story that captures the beating heart of our mission. We shared the story of Kelly – a former resident who came to the Mercy Home and experienced her first ever Christmas where she felt safe and loved. This experience helped her to understand why Jesus was born, and what he came to do: to set people free, and be there to walk alongside them as they stay free. This was our most successful Christmas appeal ever, raising a wonderful £26,372 thanks to match-funding.



We also shared some message of thanks from the current group of residents. Here is one of them:

“There are not enough words to describe how much it means to me, that you would sacrifice and invest into our Christmas the way you have. With such love and generosity, reflecting the Father’s heart to us all in such a beautiful way. Because of your generosity, I can now look forward to experiencing a Christmas that is so full of peace and joy. I can look forward to a Christmas where I don’t have to worry or be afraid, but I can feel and be safe.”

TESTIMONIES

At the end of 2019 we were delighted to be able to reopen the home after it was forced to close at the start of the Covid-19 Pandemic. Throughout 2020 we then had the amazing joy of celebrating, once again, the graduation of residents as they completed the Mercy Home programme. Every graduation is precious, but this year it felt even more precious than normal, as we reflected on how vital our ministry is, how it is needed now more than ever. Each testimony carried echoes of 15 years' worth of former residents who had gone before, and got us excited for the next 15 years' worth of testimonies to come!

Here are a glimpse of these powerful stories:

EMILY
GRADUATE

"My time at Mercy has been beautiful. I'm learning that beauty is in the eye of the beholder, and as my facilitator Kirsty often told me, messy is beautiful. I thought I would come out all shiny and new - I'm not any of those things, nor do I want to be anymore. I think learning how to be messy and hang tight to the belief that it's beautiful in the eyes of Jesus is the journey I'm on, and what a liberating one it is."



KYLIE
GRADUATE

"I came into Mercy with my heart locked off to God and the world, but over time I'm learning that when I see the ashes, God sees the beauty. He is teaching me that hope will arise with him as my Saviour. I have never felt the love of a loving father but as I learn to allow him to hold me in his arms, I can start to see the flip side of evil and the things he has worked out for my good. All the days of my life he has been with me, praised me, loved me and his goodness that runs after me will never stop."



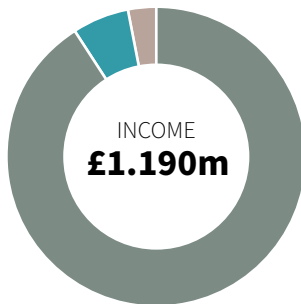


FINANCIAL REVIEW

2021 continued to bring significant financial challenges. The restrictions of in-person events hit our fundraising and training opportunities. As we resolutely reached out to churches and supporters through this challenging season, we were increasingly hearing how fragile church finances and leadership structures were. This has had a direct impact on our ability to sell our Mpower and Keys to Freedom training events, but made us more determined than ever to be the support network they were in desperate need of.

INCOME

Despite all these challenges, we have continued to be incredibly blessed financially. The combined performance of regular giving, direct fundraising, training, events and resources yielded £288k. This was 78% of the £370k forecasted amount, which, considering the year was far more unstable and chaotic than anyone could have predicted, is a fantastic achievement.



2021 Total Income: £1.190m

2020: £1.249m

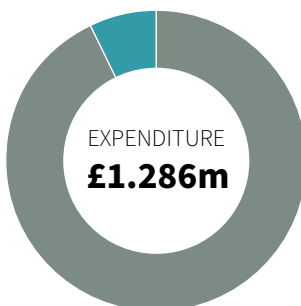
Income and endowments from:

- Donation and legacies = £1.085m (91%)
- Charitable activities = £68,090 (6%)
- Other trading activities = £36,923 (3%)

Our regular donors or ‘Treasure Builders,’ continue to form our most substantial and sustainable source of income. During 2021 we felt the impact of the pandemic on Treasure Builder income with our 12-month rolling giving average down slightly to £19.89 (2019: £20.48). We also saw a decrease in our overall retention rate of givers at 86% (2020: 93%).

EXPENDITURE

Our total expenditure for 2021 was £1.286m, (2020: £1.202m) a 7% increase in spending from 2020.



2021 Total Expenditure: £1.286m

2020: £1.202m

- Raising funds = £71,431 (6%)
- Charitable activities = £1.214m (94%)

This means that in 2021, 94% of our income was allocated against our charitable activities. That’s 94p 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 2021, our total reserves stood at £1.466m (2019: £1.562m), the majority of which are restricted funds represented by fixed assets for use by the charity 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 -£143,441 (2020: -£32,737). The 2021 target reserves total which represents the total of 3 months of resources expended was £93,600.

The trustees have reviewed the charity’s needs for reserves in line with the guidance issued by the Charity Commission. This policy is reviewed annually.

TRUSTEES’ DECLARATION OF GOING CONCERN

2021 saw us return to more normal operations following the unprecedented disruption caused in 2020; our Home reopened, and some in-person training events resumed. Investments made in the previous year to our IT infrastructure enabled us to continue to offer remote support so that we could navigate the unpredictability caused by the pandemic.

Despite the challenges, Mercy’s ability to continually reevaluate the landscape and adapt accordingly, have meant that they haven’t faltered in their ability and determination to serve the UK church and Christian’s who are seeking healing from life’s hurts. The future plans and adaptations that Mercy are working on to grow and diversify leaves us with the utmost confidence in Mercy UK’s ability to continue as a going concern.

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.



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.

FINANCIAL SUSTAINABILITY *Our ability to generate sufficient income and meet all expenditure requirements incurred by the charity, in order to fulfil our objectives to an excellent standard.*

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.

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 2021 we continued to invest in the wellbeing of our staff. This included introducing an employee assistance programme by Health Assured to provide staff and family members with free access to counselling as well as legal and financial advice.

We also launched a 'Cycle to Work' scheme enabling staff to purchase a new bike and encourage active travel.

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.

ETHICAL PRACTICE

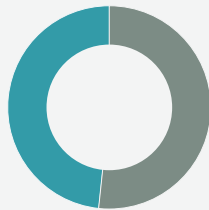
Promoting the wellbeing and empowerment of all stakeholders through ethical practices and decision-making.

Mercy UK operates in line with an Ethical Framework which is reviewed annually.

In 2021, we introduced a Core Competency Statement which sets the minimum standards of training and skills competencies across the charity. In 2022, there are plans to extend our ethical practice to include more robust ethical sourcing in our merchandise and printing supply chains.

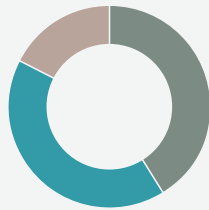
STAFF SURVEY

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.



I FEEL PROUD TO WORK FOR MERCY UK

- Strongly Agree (52%)
- Agree (48%)



THERE ARE REGULAR AND ACCESSIBLE OPPORTUNITIES TO ENGAGE IN TRAINING OR SKILLS DEVELOPMENT AT MERCY UK

- Strongly Agree (41%)
- Agree (41%)
- Neutral (18%)

“I feel supported in my role and confident to give feedback on my colleagues and managers.”

STAFF SURVEY COMMENT, 2021

“I really value the encouragements to take care of our wellbeing, such as going for walks, flexi work and the high level of trust involved in those things. As employers it highlights that you appreciate people have lives and needs that can't always be worked around a 9-5 and that makes me really appreciate working for a company that has those things in place.”

STAFF SURVEY COMMENT, 2021

PLANS FOR FUTURE PERIODS

In order to continue building on the progress and developments made in 2021, and continuing Mercy's recovery from the impact of the COVID-19 pandemic, the following strategic priorities will shape our activity in 2022:

- 1** Expansion of digital services and capabilities to include the development of digital resources and training, as well as the introduction of a support services database.
- 2** Increase income and improve fundraising return on investment, with an increased focus on Trust Funds and securing new regular donors.
- 3** Working towards publicly recognised accreditations and awards.
- 4** Develop and launch the Freedom Programme: a remote support programme which offers free-of-charge counselling, a teaching curriculum and specialist support where needed.





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 hence forth 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 18th July 2022 and signed on its behalf by:

Helen Edwards
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 2021 was 8.

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.

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 2021, consisted of seven members.

The trustees meet four times a year to review strategy and operational or financial performance in conjunction 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 meetings. All members of the Senior Leadership Team are present at trustee meetings.



In 2021, a new Director of Development was appointed, tasked with overseeing communications, supporter engagement, church partnerships and fundraising.

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 2021, the practice of holding sub-committees continued, which allows for more strategic discussion and decision-making into key areas of risk.

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 and Chief Operating Officer also report on a monthly and quarterly basis respectively, by written communication and telephone to MMI.



REFERENCE AND ADMINISTRATIVE DETAIL

Company Information for the year ended 31st December 2021

COMPANY NAME	Mercy Ministries UK
DIRECTORS & TRUSTEES:	Chair: Helen Edwards (appointed Chair on 25/04/2019) Juliet Mayhew (resigned 07/06/2021) Dr. Rob Waller (appointed 24/10/2018) Llyn Morrow (MMI) (appointed 25/04/2019) Warrick McCullough (appointed 25/04/2019) Phil Allen (appointed 25/04/2019) Debbie Wattis (appointed 25/04/2019) Eric Camp (appointed 25/11/2019) Ali Camp (resigned 26/10/2021)
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 2021*

OPINION

We have audited the financial statements of Mercy Ministries UK for the year ended 31st December 2021 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 2021 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 17, 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 focussed 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: 27 June 2022

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 2021

	Notes	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
Income and endowments from:					
Donations and legacies	4	384,396	700,736	1,085,132	1,017,411
Charitable activities		68,090	-	68,090	30,230
Other trading activities		36,923	-	36,923	38,804
JRS Grants		-	-	-	163,290
Total income		489,409	700,736	1,190,145	1,249,735
Expenditure on:					
Raising funds		21,431	50,000	71,431	27,296
Charitable activities	5	584,568	630,378	1,214,946	1,163,933
Other		-	-	-	10,942
Total expenditure		605,999	680,378	1,286,377	1,202,171
Net income/(expenditure)		(116,590)	20,358	(96,232)	47,564
Transfer between funds		-	-	-	-
Total funds brought forward		(32,737)	1,594,552	1,561,815	1,514,251
Total funds carried forward		(149,327)	1,614,910	1,465,583	1,561,815

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



MERCY MINISTRIES UK

BALANCE SHEET

for the year ended 31st December 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Fixed assets	6	1,449,936	1,509,279
Current Assets			
Stock		5,814	7,388
Debtors & prepayments	7	15,734	8,205
Cash at bank and in hand		81,951	603,471
		<u>103,499</u>	<u>619,064</u>
Creditors: amounts due within one year	8	<u>(87,852)</u>	<u>(566,528)</u>
Net Current Assets		15,647	52,536
Total net assets		<u>1,465,583</u>	<u>1,561,815</u>
Reserves			
Unrestricted funds	10	(149,327)	(32,737)
Restricted funds	10	1,614,910	1,594,552
Total funds		<u>1,465,583</u>	<u>1,561,815</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 18th July 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 excellent 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.

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.

		2021	2020
STAFF	Salaries and wages	£800,009	£785,799
SALARIES AND	Social security costs	£60,257	£59,146
NATIONAL		£860,266	£844,945
INSURANCE			

The average weekly number of staff employed, calculated as fulltime equivalents during the year was 31 (2020:31). 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:	2021	2020
	Depreciation	£90,663	£93,867
	Audit fee	£3,540	£3,540
	Income from donations and legacies	2021	2020
	Regular giving	£232,097	£197,173
	Restricted fund donations	£700,736	£690,919
	Donations	£63,222	£51,581
	Grants received from Trusts	£50,882	£37,700
	Gift Aid received	£38,195	£40,038
		£1,085,132	£1,017,411



STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

5 Expenditure on Charitable Activities

	2021	2020
International Affiliation fees	21,357	17,192
Staff costs and National Insurance	860,266	844,945
Recruiting and training	33,491	30,459
Premises costs	39,354	55,062
Residential programme activity costs	67,975	23,359
Administration costs	44,506	47,230
Motor and travel costs	9,181	8,778
Tithes	44,358	39,060
Depreciation and loss on sale of assets	90,664	93,867
Finance costs	254	441
Audit fee	3,540	3,540
	<u>1,214,946</u>	<u>1,163,933</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 £
Cost				
At 1 st January 2021	1,876,399	88,140	51,029	2,015,568
Additions	27,048	4,273	-	31,321
Disposals at cost	-	-	-	-
At 31st December 2021	<u>1,903,447</u>	<u>92,413</u>	<u>51,029</u>	<u>2,046,889</u>
Depreciation				
At 1 st January 2021	411,462	63,939	30,888	506,289
Charge for period	76,138	9,491	5,035	90,664
Elim on disposal	-	-	-	-
At 31st December 2021	<u>487,600</u>	<u>73,430</u>	<u>35,923</u>	<u>596,953</u>
Net Book Value				
At 31 December 2021	<u>1,415,847</u>	<u>18,983</u>	<u>15,106</u>	<u>1,449,936</u>
At 31 December 2020	1,464,937	24,201	20,141	1,509,279



STATEMENT OF FINANCIAL ACTIVITIES:

NOTES ON THE NUMBERS (SEE PAGE 23)

7 Debtors: Amounts falling due within one year

	2021	2020
Prepayments	14,110	8,198
Debtors	1,624	7
	15,734	8,205

8 Creditors: Amounts falling due within one year

	2021	2020
Trade creditors	17,304	14,420
Social Security	19,884	18,240
Accruals	30,664	489,868
Loan	20,000	44,000
	87,852	566,528

9 Operating Lease Rentals

	2021	2020
Annual operating lease rentals on equipment	3,566	4,166

10 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Totals £
Tangible fixed assets	-	1,449,936	1,449,936
Current assets	60,079	43,420	103,499
Current liabilities	(209,406)	121,554	(87,852)
Transfer between funds	-	-	-
Net assets 31 st December 2021	(149,327)	1,614,910	1,465,583

11 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 (2020: £825).



TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021		2020	
	£	£	£	£
Turnover				
Regular giving		232,097		197,173
Donations		814,840		780,200
Merchandise sales		21,049		26,018
Other income		15,874		12,786
Gift Aid		38,195		40,038
Fundraising		68,090		30,230
		1,190,145		1,086,445
Cost of sales				
Fundraising events and merchandise costs	71,431		27,296	
Gross Profit		1,118,714		1,059,149
Other Income				
JRS Government Grants	N/A		163,290	
		1,118,714		1,224,439
Expenditure				
Rates and water	5,644		4,951	
Insurance	6,910		7,102	
Light and heat	12,338		10,639	
Property maintenance	14,462		32,370	
Wages and National Insurance	860,266		844,945	
Telephone	4,212		4,444	
Printing and stationery	3,152		4,648	
Postage	4,974		8,462	
Travel and accommodation	5,615		4,612	
Training	17,604		5,378	
Corporate Service team costs	15,887		25,081	
Project motor costs	9,838		7,466	
Leasing costs	3,566		4,166	
International affiliation fees	21,357		17,192	
Professional, consultancy and audit fees	5,417		8,553	
Resident recreation and resource costs	2,012		1,036	
Charity shop expenses	-		10,942	
Carried forward	993,254	1,118,714	1,001,987	1,222,439

This page does not form part of the statutory financial statements



TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021		2020	
	£	£	£	£
Brought forward	993,254	1,118,714	1,001,987	1,222,439
Project food costs	26,464		7,691	
Website costs	535		505	
Programme non food costs	29,661		7,166	
Subscriptions	4,224		5,673	
IT costs	20,380		15,697	
Tithes	44,358		39,060	
Sundry expenses	5,152		2,788	
		1,124,028		1,080,567
		(5,314)		141,872
Finance costs				
Bank charges	254		441	
		254		441
		(5,568)		141,431
Depreciation				
Freehold property	76,138		75,056	
Furniture and equipment	5,035		6,713	
Computer equipment	9,491		12,098	
		90,664		93,867
Net(Expenses)		(96,232)		47,564

*THANK
YOU!*



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