

# Mercian Community Trust

Annual Report & Financial Statements  
for the year ended  
31<sup>st</sup> December 2020

Company Registration Number 04345177  
Charity Registration Number 1090596

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## Auditors' report

### Independent Auditor's Report to the members of Mercian Community Trust

#### Opinion

We have audited the financial statements of Mercian Community Trust for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members 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 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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.

#### Responsibilities of trustees for the financial statements

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 purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 of 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements; and
- the directors' report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

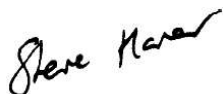
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

23 September 2021  
Date .....

## TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees, who are also the Directors for the purpose of company law, present their combined Trustees' report and Directors' report together with the audited financial statements, for the year ended 31 December 2020.

In compliance with the current accounting regulations the report is in the required format with the Statement of Recommended Practice (SORP (FRS102)(Second Edition) and is set out as follows: -

1. Structure, Governance and Management
2. Reference and administrative details of the Mercian Trust
3. Objectives and activities
4. Achievements and performance
5. Financial review
6. Plans for future periods

### 1. Structure, Governance and Management

#### Summary Information

On the 29<sup>th</sup> February 2012 the Company changed the name to Mercian Community Trust, formerly known as the Mercian Trust. The Mercian Community Trust is a registered company, limited by guarantee and not having a share capital, incorporated on 24 December 2001 (Company Registration number 04345177).

#### Principal activity

The principal activity of the Mercian Community Trust is: -

*“to provide access to human and financial advice and resources to help the Parishes of the Diocese of Lichfield and the people of the communities they serve to develop projects which will provide facilities to address the issues of exclusion, isolation and exploitation of people from all walks of life who are oppressed by poverty, regardless of colour, race or creed.”*

#### Organisation

In addition to the Board of Trustees there are also further individuals who are members to the Trust, although they do not have executive rights or duties but are informed of decisions and financial transactions either at the Annual General Meeting or, if required, at an Extraordinary General Meeting.

The membership of the Trust is as follows: -

The Archdeacon of Lichfield  
The Archdeacon of Salop  
The Archdeacon of Stoke  
The Archdeacon of Walsall

## Decision Making Structure

The Mercian Community Trust oversees projects that fulfil its organisational purpose. All decisions regarding the central administration, fund raising and such projects are made at meetings of the Trustees on a quarterly basis – should there be sufficient business. Due to the size of the Board of Trustees it is also possible to deal with any emergency business by electronic means.

## Appointment of Trustees

One third of the Trustees (and therefore Directors) retire each year, based on a rotation system, and there are annual elections for consideration by the members of the Trust.

Trustees are given induction training at the time of appointment and ongoing tuition as appropriate during their tenure.

## Connected Charities

On the 24<sup>th</sup> April 2015 a new Charity called Transforming Communities Together was formed, registered charity number 1157772. The charity is also a registered company 09010580. The Mercian Community Trust is directly connected to this entity but in partnership with the Church Urban Fund (registered charity 297483). However the Mercian Community Trust has 4 members and the Church Urban Fund 5 members. On 8<sup>th</sup> December 2020 Transforming Communities Together amended their Memorandum and Articles of Association so Board of Directors constituted three members appointed by each of the following the Church Urban Fund, Mercian Community Trust by the Transforming Communities Together Board. It is deemed that whilst connected the financial transactions for the period should not be reflected in these Financial Statements.

The Mercian Community Trust has no direct connection with other charities, although by the involvement of the projects and work undertaken by the Trust, there is a working relationship with no financial obligation with the Lichfield Diocesan Board of Finance (Incorporated).

## Pension Scheme

The Mercian Community Trust does not operate a separate Pension Scheme.

## Risk Management

The Mercian Community Trust has not carried out a specific risk management exercise due to the size of the organisation; however the Trustees consider and discuss relevant risks. It does however have access to the full Risk Management Analysis carried out by the Lichfield Diocesan Board of Finance and the Trustees are fully aware of the appropriate risks that concern the Mercian Community Trust.

The principal risks and uncertainties relevant to Mercian Community Trust are related to continued funding for specific projects and their sustainability – either via grant funding, donations or by general operating income exceeding costs. All projects must therefore have a reserve at any time to finance closure. See page 9 in respect of the impact of COVID19.

## Auditors

Haysmacintyre LLP has expressed its willingness to continue as auditors to the Charity. A resolution to reappoint Haysmacintyre LLP as auditors to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

## 2. Reference and Administrative Details of the Trust

In accordance with the Companies Act 2006 and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Charities SORP (FRS 102), the Trustees (for the purpose of charity law) and Directors (for the purpose of company law) during the year and as at the date of signing were as follows:-

Mrs Julie Jones  
Mr Jonathan Hill  
Mrs Jessamine Dace  
Mr Roger Marsh  
The Rt Reverend Matthew Parker  
Mr Peter Snelson

In that time, none received any remuneration for their services from the Mercian Community Trust. The Trustees are considered to be the key management personnel of the charity. Staff remuneration is set with reference to similar roles in comparably sized charities.

Registered Office: St Mary's House, The Close, Lichfield, Staffordshire, WS13 7LD

Bankers: Lloyds Bank Plc, 22 Conduit Street, Lichfield, Staffordshire, WS13 6JS

Solicitors: FBC Manby Bowdler LLP Routh House, Hall Court, Hall Park Way, Telford, TF3 4NJ

Auditors Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Insurers Ecclesiastical Insurance Group Plc, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

### 3. Objectives and Activities

#### Public Benefit Statement

The Directors and therefore the Trustees of the Mercian Community Trust are aware of the Charity Commission's guidance on public benefit in the *Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Trust.

The Mercian Community Trust believes that, by promoting the work of the Church of England in the Diocese of Lichfield and surrounding areas, it helps promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes and associated projects, and that in doing so it provides a benefit to the public by:-

- Promoting Christian values, and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole
- Promoting and assisting projects, in financial, legal, publicity and management issues, within communities to provide facilities to address specific social issues.

#### Aims

The Mercian Community Trust aims to promote access to human and financial advice to help both parishes and communities within the Diocese of Lichfield. This is done by promoting and assisting projects within the communities to provide facilities to address specific social issues. It aims to help those in deprived areas and people from all walks of life who are oppressed by poverty or social isolation, exclusion or exploitation.

The strategy of the Trust for achieving these activities is to offer financial, legal and project management to the projects. This includes assisting with generating funds, publicity, assistance with employment contracts, being the accountable body, and offering both sound legal and business advice.

### 4. Achievements and Performance

Over the last twelve months the Trust has been involved with the following areas of work: -

#### Lichfield Community Fund

The majority of the regular income into the fund comes from the West Bromwich Building Society bonus each year due to the affiliation account operated with the Society.

Grants applications are encourage from parishes within the Diocese and Community Groups of all faiths in areas of deprivation, both rural and urban. Support and Grants are awarded to support set up costs, running costs and feasibility studies for community based projects.

During the year the Church Community Fund has distributed £Nil (2019: £17,365) in grants to projects within the Lichfield Diocese. This is entirely due to the impact of Covid.

### **West Bromwich Building Society Fund**

The grant received from the Society is held in a separate Restricted fund and grants are awarded from the funds towards Community Projects within the area serviced by the Society. This includes part of the Birmingham and Worcester Diocese. Applications for Community projects are administered via the Mercian Community Trust but grants are awarded by the Society.

This has improved co-ordination of funding applications and grant making and is an important development, particularly now that the Mercian Community Trust is working very closely with the West Bromwich Building Society on the funding of community projects. The Trustees believe it is very important to maintain the working relationship with the West Bromwich Building Society. The Trust's working relationship with the Building Society has continued to grow, and the Trustees are extremely grateful for the support provided over the last twelve months.

In the year a total of £45,850 was awarded in grants (2019: £41,750).

### **Telford Christians Against Poverty –Debt Centre**

Jesus Christ and His body, the local church, are the hope for the world, having the unique ability to impact and transform this nation. In response to one of the most serious social problems facing the UK today, Christians Against Poverty ("CAP") works to empower local churches to demonstrate practically the love of God. Providing an exceptional debt counselling service, CAP enables churches to fulfil their vision to reach their communities with the message of the Gospel

The Telford Churches Group are able to set up a CAP Debt Centre, whereby they are able to offer CAP's life-transforming debt counselling service, whilst providing the support, care and welcome needed to lead people to a relationship with Jesus Christ and to be disciplined into the local church.

The project has an agreement with the National Churches Against Poverty. The partnership involves an agreed financial contribution, prayer, support and time commitments from both the leadership of The Telford Churches Group and CAP to ensure an effective working relationship and the delivery of an excellent service to all clients.

The financial statements reflected the donations kindly received by those supporting the project and the costs reflect the management of the centre.

### **Beheshtion Community Church**

This is based at St Mark's Shelton in Stoke on Trent. Beheshtion at St Mark's welcomes people from the local community and also from around the world to worship. Many people in the church family speak Farsi and Kurdish as their first language so the aim is to interpret reading and sermons to ensure that as many people as possible can fully participate.

## Reserves Policy

As the Trust is fundamentally involved in overseeing projects, it does not have reserves of its own and therefore has a reserves policy driven by its nature. It does however undertake to ensure that all projects and funds within its remit are financially viable and therefore holds a sufficient level of restricted reserves to continue supporting the current projects under the Charities umbrella. Despite a deficit unrestricted reserve the trustees are satisfied that the charity remains a going concern as the work is carried out behalf of the Diocesan Board of Finance who would give a grant to cover any deficit if required, although it is hoped that projects will pay a reasonable administration cost to help finance the work. At 31 December 2020 the unrestricted reserve showed a deficit of £10,546 (2019: deficit £6,437).

The increase in deficit is partly due to the low interest rates and reduced amounts from the West Bromwich Building Society. It remains the intention of the trustees to address this deficit without the support of the Diocesan Board of Finance by either increasing the administration fee with the West Bromwich Building Society or attracting new projects and charging an administration fee.

## COVID 19

The impact of the Covid 19 pandemic had a mixed impact on the finances and Governance of the Mercian Community Trust. The lockdown meant that the Newchapel Hub was forced to close, and as a consequence the administrative member of staff was placed on furlough from 25<sup>th</sup> March until 30 June 2020. There was naturally a loss of income from the Hub however the outgoings were kept to a minimum and a local Council Grant of £5000 was received in July 2020 to help recover some of the lost income.

The Telford CAP project was able to continue to operate with staff working from home and donations are made by electronic payment, so the Project was not affected. Naturally the work of the Telford CAP has increased due to the economic situation in the surrounding areas.

With the reduction in interest rates, the amount of funds available from the West Bromwich Building Society will be reduced in future years, but the impact will not be known until later in 2020 and future years.

Regarding the Lichfield Community Funds, naturally with churches being closed the request for grants simply dried up, but it is expected that as the lockdown eases, the number of applications will increase. The regular income in future years from the West Bromwich Building Society may well be affected for the reasons given above.

On the central fund, one of the administrative staff was furloughed from 9<sup>th</sup> April 2020, so reduced the costs on the unrestricted funds until 31 August 2020 when the staff is due to return.

## 5. Financial Review

In the year the Trust has generated income of £96,659 (2019: £196,660). The majority of the regular income has been sourced by the West Bromwich Building Society, for which the Trust is extremely grateful.

In total £40,888 (2019: £38,888) was paid in a grant to the Mercian Community Fund in the last twelve months from the West Bromwich Building Society. The variance in amounts received is dependent on the balance held in the affinity account. £20,444 (2019: £19,994) was transferred to the Lichfield Community Fund and a further £45,850 (2019: £31,000) was

distributed in grants awarded to projects and community activities to assist in areas of relief in unemployment, poverty, protection and preservation of good health, provision of recreational

facilities and advancement of education. In 2019, an additional donation from the Dona & Patricia Marsh Trust fund was received increasing income as a one off donation of £100,000.

Overall the Trust made a deficit of £11,117 (2019: surplus £69,539). Unrestricted funds showed a deficit in the year of £5,728 (2019: deficit £1,845). The reserves at the year-end therefore decreased to £350,673 as at 31 December 2020 from £361,790. The unrestricted reserve shows a deficit of £10,456, and restricted reserves of £361,129.

The Trust made no political grants or donations in the year.

## 6. Plans for the Future

It is important that the Mercian Community Trust continues to identify its role within the overall strategy of the Diocese of Lichfield. In addition it has a responsibility to ensure that overhead charges to oversee projects are adequately covered, and reverse the current deficit in unrestricted funds.

Plans and decisions will need to be made based on recommendations from the fund-raising consultations on the viability of launching a Community Fund Appeal within the Diocese. If a campaign is to be undertaken, then the structure and procedures need to be agreed and put in place to avoid excessive strain on the limited resources currently available.

During the year further strategic discussions have taken place with the West Bromwich Building Society, not only to discuss the future role and purpose of the Mercian Community Trust but also the Community affiliation account operated by the Building Society. There is large shared enthusiasm from both sides to relaunch the Community Account in conjunction with a slight change in direction for the Mercian Community Trust.

It is clear the Mercian Community Trust is very much part of the new Diocesan Theme for Transforming Communities and reaching New Generations and making New Disciples.

This is demonstrated by conversations with the National Church Urban Fund concerning a new subsidiary under the banner of Near Neighbours and dealing with poverty across the diocese. The Mercian Community Trust will be a 50% member in the new venture that will address the issue of poverty across the Black Country and in particular the Archdeaconry of Walsall.

### Trustees' responsibilities statement

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Provision of information to auditors

Each of the persons who are members of the Board of Trustees at the time when this Trustee's Annual report is approved has confirmed that:

- so far as that member of the Board of Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that the Board of Trustees has taken all the steps that ought to have been taken as a board in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

The Trustees have taken the exemption available to small companies and have not prepared a Strategic Report.

The Trustees' Report was approved by the trustees and signed on their behalf by:-

*Jonathan Hill*

**Jonathan Hill**  
Director/Trustee

12 September 2021

**Statement of Financial Activities  
(including Income and Expenditure Account)  
For the year ending 31 December 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
<b>Income from:</b>					
Donations and legacies	2	100	89,903	90,003	180,965
Charitable Activities	3		6,457	6,457	14,666
Investments	4	55	466	521	1,029
<b>Total income</b>		<u>155</u>	<u>96,826</u>	<u>96,981</u>	<u>196,660</u>
<b>Expenditure on:</b>					
Charitable Activities	5	5,883	102,215	108,098	127,121
<b>Total expenditure</b>		<u>5,883</u>	<u>102,215</u>	<u>108,098</u>	<u>127,121</u>
<b>Net income/expenditure</b>		(5,728)	(5,389)	(11,117)	69,539
Transfers between funds		1,709	(1,709)	-	-
<b>Net movement in funds</b>		<u>(4,019)</u>	<u>(7,098)</u>	<u>(11,117)</u>	<u>69,539</u>
Total funds brought forward		<u>(6,437)</u>	<u>368,227</u>	<u>361,790</u>	<u>292,251</u>
<b>Total funds carried forward</b>	10	<u><u>(10,456)</u></u>	<u><u>361,129</u></u>	<u><u>350,673</u></u>	<u><u>361,790</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. The notes on pages 14 to 20 form part of these financial statements. A full comparative Statement of Financial Activities is included at note 12.

**Balance Sheet as at 31 December 2020**  
**Company number: 04345177**

	Note	Total 2020 £	Total 2019 £
<b>Current assets</b>			
Prepayments		3,101	312
Deposit and bank balances	6	382,615	406,374
		<u>385,716</u>	<u>406,686</u>
<b>Creditors:</b> amounts falling due within one year	7	<u>(35,043)</u>	<u>(44,896)</u>
<b>Net current assets &amp; net assets</b>		<u>350,673</u>	<u>361,790</u>
<b>Capital and reserves</b>			
Unrestricted reserves	10	(10,456)	(6,437)
Restricted reserves		361,129	368,227
		<u>350,673</u>	<u>361,790</u>

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2021

*Jonathan Hill*

**Jonathan Hill**  
Trustee / Director

The notes on pages 14 to 20 form part of these financial statements.

## 1. Accounting Policies

### (a) Accounting Convention

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) (Second Edition) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mercian Community Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

### (b) Cash flow

The Charity has taken advantage of the exemption available to smaller charities and has not prepared a cash flow statement.

### (c) Going concern

After making appropriate enquiries, including reviewing its cash flow forecasts in light of COVID 19, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future (which is considered to be at least twelve months from the date of approving these financial statements). With the assurance the Diocesan Board of Finance would secure any unrestricted reserve deficit if insufficient income was generated from projects towards administration costs; for this reason they continue to adopt the going concern basis in preparing the financial statements.

### (d) Fund Accounting

*Unrestricted Funds*: comprise of accumulated surplus or deficit on the Statement of Financial Activities which are available for the use at the discretion of the Trustees of the Mercian Community Trust in furtherance of the objectives of the charity.

*Restricted funds* are subject to the specific terms of any grants or donations made to the Mercian Community Trust in the course of the year, declared by the donor(s) or with their authority, but still within the objects of the charity. Restricted funds may be restricted income funds, which are expendable at the discretion of the Trustees in furtherance of some particular aspect(s) of the objects of the charity. Or they may be capital funds, where the assets are required to be invested, or retained for actual use, or expended in strict concurrence with the terms of the grant/donor.

### (e) Expenditure

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:

- Expenditure on charitable activities includes the costs of resourcing ministry and mission, governance costs and associated support costs.
- Other expenditure represents those items not falling into any other heading.

**(f) Income**

All income is included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy and there is a probability of receipt.

**(g) Grants - Recognition of liabilities**

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Grants payable are charged in the year when the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Trust.

Grants offered subject to such conditions, which have not been met at the year end, are accrued as expenditure until the Trustees decide to withdrawal any conditional grant at which point it is written back.

**(h) Support Costs and Apportionment**

All of the costs incurred in the management and administration of the Trust are shown under Management and Administration under Charitable Activities. The costs of Committees etc. are included under Governance Costs.

**(i) Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discounts offered. Prepayments are valued at the amount repaid net of any trade discounts due.

**(j) Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**(k) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**(l) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**(m) Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 6. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The address of the registered office is given in the reference and administration details of these financial statements. The nature of the charity's operations and principal activities are detailed in the trustees report.

**2. Income from donations and legacies**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
General	100	-
West Bromwich Building Society	40,888	38,888
Lichfield Community Fund	3,104	102,671
Furlough Income	1,361	-
Newchapel Hub	7,668	2,500
Furlough Income	2,271	-
Telford CAP	28,593	27,576
Beheshtion	6,018	9,330
	<u>90,003</u>	<u>180,965</u>

**3. Income from Charitable activities**

	<b>2020</b>	<b>2019</b>
Newchapel Hub	5,624	14,317
Beheshtion	833	349
	<u>6,457</u>	<u>14,666</u>

**4. Income from investments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest	521	1,029
	<u>521</u>	<u>1,029</u>

**5. Expenditure on charitable activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Support Costs, Central administration	3,003	2,662
West Bromwich BS Partnership	45,850	41,750
Lichfield Community Fund	6,080	23,963
Telford CAP	29,606	33,893
Newchapel Hub	16,727	15,415
Beheshtion	3,952	6,738
Governance costs (see note 8)	2,880	2,700
	<u>108,098</u>	<u>127,121</u>

Included in the above are 57 grants (2019:61) made to other charities amounting to £55,800 (2019: £70,415)

**6. Deposits and bank balances**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Unrestricted	60,245	54,877
Restricted	322,369	351,497
	<u>382,615</u>	<u>406,374</u>

Included in the cash is a sum of £205,969 (2019: 218,810) held on Corporate Deposit with the Lichfield Diocesan Board of Finance.

<b>7. Creditors</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts due falling within one year		
Sundry creditors	32,163	42,196
Accruals	2,800	2,700
	<u>35,043</u>	<u>44,896</u>

<b>8. Net expenditure for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Auditors' remuneration	2,800	2,700
	<u>2,800</u>	<u>2,700</u>

<b>9. Employees</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The average number of persons employed by the Trust during the period was:		
Management and administration	1	1
	<u>1</u>	<u>1</u>

Staff costs during the year related to recharges from the Diocesan Board of Finance for Staff time in administering the Charity, and these amounted to £7,562 (2019: £6,860). Costs are charged to the activities to which they relate.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Recharges to projects:		
Wages and salaries	7,054	6,356
Social security	180	177
Pension	329	327
	<u>7,532</u>	<u>6,860</u>
Employment costs – Projects		
Salaries	22,518	21,273
Ers NI	1,469	1,385
Pension	1,430	1,312
	<u>25,417</u>	<u>23,970</u>

No employee had emoluments in excess of £60,000 (2019: none).

The key management personnel of the charity is considered to be the trustees. The charity trustees were not paid or received any other benefits from employment with the charity in the year (2019: £nil) neither were they reimbursed expenses during the year (2019 £nil). No charity trustee received payment for professional or other services supplied to the charity (2019 - £nil).

## 10. Reserves

Analysis of Charitable Funds	Reserves Brought Forward £	Transfers Between Funds £	Other Movements for the Year £	Reserves Carried Forward £
<b>Unrestricted Reserves</b>				
Revenue reserve	(6,437)	1,709	(5,728)	(10,456)
<b>Restricted Reserves</b>				
Church Networks	7	-	4	11
West Bromwich BS	116,334	(22,152)	(4,503)	89,678
Lichfield Community Fund	210,742	20,443	(1,610)	229,575
Telford CAP	29,212	-	(1,013)	28,199
Newchapel Hub	8,990	-	(1,165)	7,825
Beheshtion	2,942	-	2,899	5,841
<b>Total</b>	<b>368,227</b>	<b>(1,709)</b>	<b>(5,388)</b>	<b>361,129</b>
Grand Total	361,790	-	(11,117)	350,672

RESERVES 2019 Comparative	Reserve s Brought Forward £	Transfers Between Funds £	Other Movements for the Year £	Reserves Carried Forward £
<i>Analysis of Charitable Funds</i>				
<i>Unrestricted Reserves</i>				
Revenue reserve	(4,592)	3,441	(5,286)	(6,437)
<i>Restricted Reserves</i>				
Churches network	-	-	7	7
West Bromwich BS	141,139	(22,886)	(1,920)	116,334
Lichfield Community Fund	112,587	19,444	78,712	210,742
Telford CAP	35,529	-	(6,318)	29,212
Newchapel Hub	7,588	-	1,402	8,990
	-	-	2,942	2,942
<b>Total</b>	<b>296,843</b>	<b>(3,441)</b>	<b>74,825</b>	<b>368,227</b>
Grand Total	292,251	-	(69,539)	361,790

**Restricted Reserves** – All restricted reserves are represented by net current assets.

### Churches Network

A development fund for uniting different religious affiliations across the Borough of Wolverhampton. As this project came to an end some time ago the remain reserves will be transferred to unrestricted at the end in 2021.

### **West Bromwich Building Society Partnership**

Partnership Scheme with the West Bromwich Building Society to distribute grants for support of charities and payments associated with the education and well-being of young children in deprived areas.

### **Lichfield Community Fund**

A grant making body for support of religious charities and community projects associated with deprived areas.

### **Telford CAP – Debt Centre**

The project has an agreement with the National Churches Against Poverty. The partnership involves an agreed financial contribution, prayer, support and time commitments from both the leadership of The Telford Churches Group and CAP to ensure an effective working relationship and the delivery of an excellent service to all clients.

### **Newchapel Hub**

A community facility in North Staffordshire, to be made available to the local community and others in order to attract Mission and Outreach within the surrounding areas.

### **Beheshtion**

Beheshtion Church community emerged from St Mark's, an Anglican church based in Shelton, Stoke-on-Trent, part of the Hanley Team Ministry and within the Lichfield Diocese. Beheshtion is a growing and diverse gathering of people, coming from different walks of life.

## **11. Related Parties**

The parent undertaking is the Lichfield Diocesan Board of Finance (incorporated), a charitable company incorporated in England and Wales. The amounts of the Mercian Community Trust are consolidated in the accounts of the parent charity.

There are no direct transactions between the Mercian Community Trust and the parent charity. As employed staff of the Lichfield Diocesan Board of Finance they are minimal costs and deemed to be immaterial.

<b>12. Comparative SoFA (Year ended 31 December 2019)</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 £</b>
<b>Income and endowments from:</b>			
<i>Donations and legacies</i>	-	180,965	180,965
<i>Investments</i>	76	14,666 953	14,666 1,029
<b>Total income and endowments</b>	<u>76</u>	<u>196,584</u>	<u>196,660</u>
<b>Expenditure on:</b>			
<i>Charitable activities</i>	5,362	121,759	127,121
<b>Total expenditure</b>	<u>5,362</u>	<u>121,759</u>	<u>127,121</u>
<b>Net expenditure</b>	(5,286)	74,825	69,539
<i>Transfers between funds</i>	3,441	(3,441)	-
<b>Net movement in funds</b>	<u>(1,845)</u>	<u>71,384</u>	<u>69,539</u>
<i>Total funds brought forward</i>	(4,592)	296,843	292,251
<b>Total funds carried forward</b>	<u>(6,437)</u>	<u>368,227</u>	<u>361,790</u>