

Mercian Community Trust

Annual Report & Financial Statements
for the year ended
31st December 2022

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 2022 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).

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 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity'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 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, 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.

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the recognition of revenue, including the cut-off of revenue at the year end. Audit procedures performed by the engagement team included:

Tailored narrative here but consider the following

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals
- Challenging assumptions and judgements made by management in their critical accounting estimates; and
- Cut-off testing in respect of revenue.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 18 December 2023

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

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 29th 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 24th 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 8th 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.

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:

Revd Preb Terry Bloor
Revd Elizabeth Chamberlain
Mrs Jessamine Dace
Mr Jonathan Hill
Mrs Julie Jones
Mrs Josephine Locke
Mr Roger Marsh
Mr Peter Snelson
Mr John Wilson

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 £42,194 (2021: £Nil) in grants to projects within the Lichfield Diocese.

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.

In the year a total of £6,560 was awarded in grants (2021: £17,520).

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.

As from 01 January 2022 the project is being transferred to the ownership of Wellington All Saints PCC; and with effect from that date all assets and liabilities will transferred to the legal entity and reflected in the following years financial statements.

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.

At the end of February 2022, the project closed with the cessation of the Bishop's Mission Order. The Trustees will discuss during the year how the remaining reserves are to be reallocated towards a similar project within the area of the Beheshtion project.

Dovedale House

With effect from 01 January 2022, the Diocesan Retreat Centre, Dovedale House, in Ilam has been transferred to the Mercian Community Trust and all the assets and liabilities of the centre transferred from St Chad's Retreat Centres (registered Company 08922281) following a decision by the members in December 2021. It is part of the restructure across the Diocese and the Trustees have been asked to oversee the operation and potential of the Centre.

Reserves Policy

As the Trust is fundamentally involved in overseeing projects, the reserve policy is to hold sufficient funds to cover the Governance costs of running the Charity. Income is derived from administration charges that are attributed to projects under the umbrella of the organisation. Previously it had relied on interest from the West Bromwich Building Society account; however with sustained low interest rates the income was not sufficient to cover the costs incurred. In recent years the Unrestricted reserve has been negative, but this was addressed in the last twelve months and as at the end of 2022 the Unrestricted reserve was £5,738 (2021: £7,066). The Governance Costs are in the region of £4,000 per annum so the trustees are satisfied the current reserve balance is sufficient. Details of the transfers from projects is shown in note 10 on page 18.

5. Financial Review

In the year the Trust has generated income of £214,001 (2021: £72,462). The increase in total income is mainly due to the introduction of Dovedale House and the residential fees generated there.

In total £21,786 (2021: £21,656) 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. £13,239 (2021: £13,375) was transferred to the Lichfield Community Fund and a further £6,560 (2021: £17,520) 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 Don and Patricia Marsh Trust fund was received increasing income as a one off donation of £100,000.

Overall the Trust made a surplus of £9,735 (2021: £22,829). Unrestricted funds showed a deficit in the year of £3,674 (2021: deficit £6,237). The reserves at the year-end therefore increased to £337,579 as at 31 December 2022 from £327,843. The unrestricted reserve shows a surplus of £5,738 (2021: £7,066) and restricted reserves of £331,841 (2021: 320,778).

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.

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 on 15 December 2023 by the Trustees and signed on their behalf by:

Jonathan Hill 
Director/Trustee.....

**Statement of Financial Activities
For the year ending 31 December 2022**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Income from:					
Donations and legacies	2	-	38,433	38,433	61,431
Charitable Activities	3		128,484	128,484	10,975
Investments	4	188	5,509	5,697	56
Funds Introduced Re Dovedale	5	-	41,387	41,387	-
Total income		<u>188</u>	<u>213,813</u>	<u>214,001</u>	<u>72,462</u>
Expenditure on:					
Charitable Activities	6	3,862	196,641	200,503	95,291
Total expenditure		<u>3,862</u>	<u>196,641</u>	<u>200,503</u>	<u>95,291</u>
Net gain/(losses) on investment		-	(3,763)	(3,763)	-
Net income/expenditure		(3,674)	13,409	9,735	(22,829)
Transfers between funds		2,346	(2,346)	-	-
Net movement in funds		<u>(1,328)</u>	<u>11,063</u>	<u>9,735</u>	<u>(22,829)</u>
Total funds brought forward		<u>7,066</u>	<u>320,778</u>	<u>327,844</u>	<u>350,673</u>
Total funds carried forward		<u><u>5,738</u></u>	<u><u>331,841</u></u>	<u><u>337,579</u></u>	<u><u>327,844</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 13 to 19 form part of these financial statements. A full comparative Statement of Financial Activities is included at note 14.

Balance Sheet as at 31 December 2022
Company number: 04345177

	Note	Total 2022 £	Total 2021 £
Fixed assets			
Tangible assets	7	10,867	-
Investment Assets	8	32,013	-
		<u>42,880</u>	<u>-</u>
Current assets			
Debtors		34,549	1,110
Deposit and bank balances	9	513,913	351,767
		<u>548,462</u>	<u>352,877</u>
Creditors: amounts falling due within one year	10	(253,763)	(25,033)
		<u>337,579</u>	<u>327,844</u>
Net current assets & net assets			
		<u>337,579</u>	<u>327,844</u>
Capital and reserves			
Unrestricted reserves		5,738	7,066
Restricted reserves		331,841	320,778
		<u>337,579</u>	<u>327,844</u>

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2023.

JONATHAN HILL

Jonathan Hill
Trustee / Director

The notes on pages 13 to 19 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, 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

	2022	2021
	£	£
General	-	-
West Bromwich Building Society	21,786	21,656
Lichfield Community Fund	2,624	3,719
LDCF Furlough Income	-	483
Newchapel Hub	8,339	6,121
Newchapel Furlough Income	-	858
Telford CAP	5,412	25,239
Beheshtion	170	3,355
Dovedale	101	
	<u>38,432</u>	<u>61,431</u>

All donations and legacies are restricted in the current and previous year.

3. Income from Charitable activities

	2022	2021
Newchapel Hub	11,599	10,975
Dovedale	116,885	
	<u>128,484</u>	<u>10,975</u>

All Income from Charitable activities is restricted in the current and previous year.

4. Income from investments

	2022	2021
	£	£
Interest	5,697	56
	<u>5,697</u>	<u>56</u>

£187 is unrestricted and £5,509 is restricted

5. Funds Introduced

	2022	2021
	£	£
Transfer from Dovedale	41,387	-

6. Expenditure on charitable activities

	2022	2021
	£	£
Support Costs, Central administration	802	3,245
West Bromwich BS Partnership	6,560	17,520
Lichfield Community Fund	42,194	7,386
Telford CAP	3,975	51,008
Newchapel Hub	13,472	12,730
Beheshtion	280	402
Dovedale	130,160	
Governance costs (see note 8)	3,060	3000
	<u>200,503</u>	<u>95,291</u>

Included in the above are 52 grants (2021: 32) made to other charities amounting to £51,859 (2021: £35,915)

7. Tangible Fixed Assets	Office Equipment	
	£	
Cost at 1st January 2022	-	
Additions	5,731	
Transfers	12,302	
Disposals		
Revaluation in the year		
Cost at 31st December 2022	18,033	
Depreciation at 1st January 2022	-	
Transfers	5,190	
Disposals	-	
Charge for the year	1,976	
Depreciation at December 2022	7,166	
Net book value at 31st December 2022	10,867	
Net book value at 31st December 2021	-	
8. Investment Assets	2022	2021
Market Value as at 1st January 2022	-	-
Transfer re Dovedale	35,776	-
Revaluations in the year	(3,763)	-
Disposal of Investments	-	-
Market Value as at 31st December 2022	32,013	-
9. Deposits and bank balances	2022	2021
	£	£
Unrestricted	37,988	17,468
Restricted	475,925	334,299
	513,913	351,767
10. Creditors	2022	2021
	£	£
Amounts due falling within one year		
Sundry creditors	250,763	22,033
Accruals	3,000	3,000
	253,763	25,033
11. Net expenditure for the year	2022	2021
	£	£
This is stated after charging:		
Auditors' remuneration	3,000	3,000
Depreciation	1,976	-
	5,976	3,000

12. Employees	2022 No.	2021 No.
The average number of persons employed by the Trust during the period was:		
Management and administration	2.5	1
	<u> </u>	<u> </u>
Staff costs during the year related to Dovedale and also to recharges from the Diocesan Board of Finance for Staff time in administering the Charity, these amounted to £nil (2021: £9,907). Costs are charged to the activities to which they relate.		
	2022 £	2021 £
Recharges to projects:		
Wages and salaries	-	8,206
Social security	-	614
Pension	-	1,087
	<u> </u>	<u> </u>
	-	9,907
	<u> </u>	<u> </u>
Employment costs – Projects		
Salaries	34,353	18,810
Ers NI	2,555	991
Pension	598	640
	<u> </u>	<u> </u>
	37,506	20,441
	<u> </u>	<u> </u>

No employee had emoluments in excess of £60,000 (2021: 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 (2021: £nil) neither were they reimbursed expenses during the year (2021 £nil). No charity Trustee received payment for professional or other services supplied to the charity (2021 - £nil).

13. Reserves	Reserves Brought Forward £	Transfers Between Funds £	Other Movements for the Year £	Reserves Carried Forward £
Analysis of Charitable Funds				
Unrestricted Reserves				
Revenue reserve	7,066	2,346	(3,674)	5,738
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Restricted Reserves				
Church Networks	-	-	13	13
West Bromwich BS	80,486	(13,239)	16,322	83,569
Lichfield Community Fund	217,220	10,893	(37,170)	190,943
Telford CAP	2,429	-	1,437	3,866
Newchapel Hub	11,849	-	6,465	18,314
Beheshtion	8,794	-	(110)	8,684
Dovedale	-	-	26,451	26,451
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	320,778	(2,346)	13,408	331,840
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grand Total	327,844	-	9,735	337,579
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Reserves 2021 Comparatives	Reserves Brought Forward	Transfers Between Funds	Other Movements for the Year	Reserves Carried Forward
Analysis of Charitable Funds	£	£	£	£
Unrestricted Reserves				
Revenue reserve	(10,456)	23,759	(6,237)	7,066
Restricted Reserves				
Church Networks	11	(12)	1	-
West Bromwich BS	89,678	(13,375)	4,183	80,486
Lichfield Community Fund	229,575	(9,172)	(3,183)	217,220
Telford CAP	28,199	-	(25,770)	2,429
Newchapel Hub	7,825	(1,200)	5,224	11,849
Beheshtion	5,841	-	2,953	8,794
Total	361,129	(23,759)	(16,592)	320,778
Grand Total	350,673	-	(22,829)	327,844

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

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. With effect from 01 January 2022 the project is moving to Wellington All Saints PCC.

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.

Beheshthion

Beheshthion 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. Beheshthion is a growing and diverse gathering of people, coming from different walks of life. The project closed with effect from 28th February 2022.

Dovedale House

Dovedale House provides places of retreat and reflection to promote Christian spiritual and religious teaching and education by providing hospitality in the Christian tradition to promote, protect and preserve spiritual, emotional and psychological health and wellbeing.

13. 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.

14. Comparative SOFA (Year ended 31 December 2021)	Unrestricted	Restricted	Total
	Funds £	Funds £	2021 £
Income from:			
Donations and legacies	-	61,431	61,431
Charitable Activities		10,975	10,975
Investments	8	48	56
Total income	<u>8</u>	<u>72,454</u>	<u>72,462</u>
Expenditure on:			
Charitable Activities	6,245	89,046	95,291
Total expenditure	<u>6,245</u>	<u>89,046</u>	<u>95,291</u>
Net income/expenditure	(6,237)	(16,592)	(22,829)
Transfers between funds	23,759	(23,759)	-
Net movement in funds	17,522	(40,351)	(22,829)
Total funds brought forward	(10,456)	361,129	350,673
Total funds carried forward	<u>7,066</u>	<u>320,778</u>	<u>327,844</u>