

MERCY CENTRAL
(A Company Limited by Guarantee)

Charity Registration Number: 1142032

Company Registration Number:
7596529 (England and Wales)

Report of the Directors and Unaudited Financial Statements

Period of accounts

Start date: 1st January 2018
End date: 31st December 2018

MERCY CENTRAL
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2018

Legal and administrative details

Registered charity number: 1142032

Registered company number: 7596529
incorporated on 7th April 2011,
a company limited by guarantee

Registered address: Woodley Hill House,
Eastcourt Avenue,
Earley,
Reading,
Berkshire,
RG6 1HH

Bankers: Barclays Bank plc

Directors and Trustees

Details of the Directors (who are also registered as Trustees of Mercy Central under the terms of its Memorandum and Articles of Association) who served during the whole or part of the 2018 financial year and who held this responsibility as at the date of approval of this report and accounts are:

- Mr John Neate – re-elected as Director, Trustee and Chairman in October 2018
- Rev. Robin Gardiner
- Mrs Joanna Kay
- Mrs Ruth Jeffery (Treasurer) – re-elected as Director and Trustee in October 2018

Report of the Trustees

Purpose

Mercy Central was registered as a charitable company in 2011 to oversee the provision of support and services to people facing financial difficulty, on behalf of Network Vineyard Church (NVC). Mercy Central is closely linked with NVC, but is an independent charity and provides strategic and operational leadership for this area of work.

Driven by its Christian ethos, the charity aims to provide hope to people regardless of background, faith, gender or lifestyle in a variety of ways. In particular, it aims to meet some of the immediate needs of the most vulnerable members of society, to provide help to individuals and families in clearing previously unmanageable debt, to equip people to enter or re-enter the world of employment, to offer life-long money management skills to avoid future financial problems, and to equip individuals with practical life skills.

Mercy Central's particular emphasis is on equipping individuals and families to live their lives sustainably, with as much control as possible over their employment, finances and life choices.

Public benefit

We have considered the Charity Commission's guidance on public benefit, when establishing our aims and activities. The public benefit of Mercy Central's programmes lies in supporting and providing services to a wide range of people in financial need in the Reading area and beyond, helping them to avoid or escape from poverty and maximising their control over life circumstances. These programmes and activities are made available irrespective of the background of the individuals and families who benefit from them and are free of charge to the beneficiaries.

As a result of the above, the Trustees consider that Mercy Central clearly satisfies the public benefit test.

Activities

In 2018, Mercy Central continued its fruitful partnership with the award-winning charity, Christians against Poverty (CAP), operating the Reading CAP Debt Centre, as well as two group services - CAP Job Club and CAP Life Skills – together with the CAP Money Course. These services are offered without cost to residents right across the Reading area.

We have a small team of part-time staff seconded into Mercy Central from Network Vineyard Church under formal secondment agreements, plus a growing team of volunteers from Network Vineyard Church and other local churches. Recruitment of volunteers from other churches has been an intentional move in order to provide better support for clients and a warm welcome in a local church, regardless of where clients are based.

Debt Centre

Rising costs of living, an increase in mental health problems and a loss of public services have resulted in a growing demand for our services. As the only CAP Debt Centre in Reading, we sadly had to turn away a growing number of potential clients in 2018 due to lack of capacity. We are therefore planning to recruit a new Debt Coach in 2019.

The debt service is offered in client homes, in which a trained Debt Coach completes three or more official visits, gathering data and supporting paperwork. Once received at CAP Head Office, expert caseworkers contact creditors, create a personalised budget and devise a route out of debt, which the Debt Coaches then relay to the clients. We do not pay debts *for* our clients, but through a workable budget, enable clients to pay their on-going bills, whilst contributing to the reduction of their debts and building up savings to avoid future debt.

In 2018, we have been delighted to see an increase in the number of clients who have got through the official visits onto a debt management programme. Most clients are living in extremely difficult, complicated and often, chaotic circumstances. For this reason, we have focused attention on helping clients gather their paperwork in the early stages, so that the caseworkers at CAP Head Office can put together a route out of debt before momentum is lost or other circumstances get in the way of progress. This is extremely time-consuming work, but at the end of 2018, our results exceeded the regional and national averages in other CAP centres. We are delighted to report that over the life of the Debt Centre in East Reading, 73 families have gone debt free, and in 2018, ten families have escaped the overwhelming pressure of debt.

In 2018, we worked hard to expand our volunteer base to include members of various churches across Reading. This was made possible through offering CAP Sunday talks in various churches across town and is vital in our effort to improve the level of support provided for clients after the initial visits.

We have continued to offer 'BOB' bags (bags of blessing - long-life food essentials and treats from members of Network Vineyard Church), plus invitations to church-run events, services and groups, as well as seasonal CAP Client events. The Christmas at Costa was a real highlight, with clients of all ages and backgrounds enjoying a fun evening with members of Network Vineyard Church. These events are a vital part of our service, as client problems are invariably exacerbated by loneliness and isolation.

We have also continued to refer clients to Readifood (food parcel delivery) as well as CAP Discovery Breaks, where clients can enjoy a fully-paid weekend break, providing a mixture of fun, great food, fun activities and inspiring talks. In this way, our Debt Centre provides a holistic, life-changing service to our town.

CAP Money

The CAP Money course continues to be a low-cost and effective way to equip a wide variety of people to learn to budget. The simple, cash-based system enables delegates to become aware of their finances, so that they can gain control, save for

the future and avoid debt.

CAP Job Club

In 2018, George Mullen completed maternity cover for our previous manager and was recruited as our permanent Job Club Manager. The Job Club team ran three rounds of the 'Steps to Employment' course in 2018, alongside our weekly drop in, free lunch and 1:1 coaching. Twenty delegates completed the course and 11 were offered work, which equates to 55% effectiveness. These numbers are a significant increase on the previous year and reflect the tenacity and dedication of our Job Club Team.

CAP Life Skills

Following a period of growth in 2017, where the course was run three times in two different venues, we struggled to gain the same level of commitment from host churches in 2018. Early in the year, one course was successfully run from St Agnes, Whitley by Kate Bond, Life Skills Manager, and the two trained Life Skills coaches from that church. Seven delegates benefitted, but unfortunately the two coaches were unable to run further groups on their own. In the autumn, one of the two coaches had to stand down from Life Skills permanently, as he took on responsibility for leading a network of churches.

Despite the challenges, this eight-week course remains an excellent resource for people setting up home for the first time, living on a low income or looking to start saving. Life Skills modules including money management and budgeting, meal planning and healthy eating, household organisation and relationship skills and are all presented via the three proven strands of CAP group services (course, community and coaching). We believe that Life Skills remains an excellent means for churches which are seeking to serve and to include the low-income members of their community and so, in 2019, we have plans to partner with two new host churches (Tilehurst Methodist Church and Emmanuel Church in Woodley).

CAP Fresh Start (rebranded from Release Group)

Following launch in 2017, we sadly had to close our CAP Fresh Start group in 2018. Whilst this group had successfully offered help to delegates seeking freedom from a variety of dependencies, including alcohol and eating problems, when the Fresh Start Manager relocated, we decided to focus attention on our Debt Centre for which demand is growing rapidly.

Collaboration

As our client base is widely affected by austerity measures, the need for practical support continues and we are grateful for partnerships with Readifood (Reading Food Bank) and Acts 435 (an online community through which donors can meet the specific needs of individuals). We also continue to refer clients to Communicare and Welfare Rights, who both provide free benefit and housing advice.

Organisational development activities

Mercy Central's five-year strategy, "Living Life – On My Own Two Feet", formally ended in 2018 and a strategy day was held for the team early in the year. It has

been decided that rather than create a new five-year strategy at this stage, we should instead take time to review and refine the direction and priorities of the work of Mercy Central in collaboration with local councillors, using their in-depth local knowledge of the area around our base in Woodley Hill House.

2018 was a more challenging year for fundraising, but our financial situation remained healthy due to a good combination of new trust fund grants, repeat gifts, a corporate sponsor (which has now renewed its support for Mercy Central for a further three years) and on-going support from Network Vineyard Church.

Mercy Central's new website was successfully launched in 2018 with the aim of increasing public knowledge of, and engagement in, our work in the local community.

Future plans

We have been keeping the demand for Mercy Central's services under continuing review. It has become clear that the demand for our *Debt Centre* services is outstripping our capacity to deliver. We will therefore seek to identify a potential new Debt Coach to be assessed and trained by CAP Head Office. The availability of volunteer befrienders is a key factor in the delivery of our debt service and efforts will therefore continue to be made to recruit more volunteers both within Network Vineyard Church and within other churches in the area.

We plan to retain *Job Club* capacity at similar levels to 2018, but greater flexibility will be offered in the timing, location and mode of delivery of the programme.

The *CAP Life Skills* programme has proved a very successful way of Mercy Central acting as a catalyst in enabling people from other churches to become trained to deliver the programme. This approach will be continued in 2019, but we will also renew efforts to re-establish a Life Skills programme at Woodley Hill House. We will seek to engage with local councillors to understand local needs more effectively and how we might be able to offer CAP Life Skills opportunities more locally to those who would be able to benefit from the programme.

In terms of service development, we will explore further in 2019 the role that Network Vineyard Church and Mercy Central could jointly play in promoting cross-cultural friendships and meeting identified need in our local community. This may involve a level of investment by Mercy Central in enhancing kitchen facilities at Woodley Hill House, as food is always key to community!

During 2018, discussions commenced with Chapter2, a new charity providing mentoring support to fatherless boys, about the potential development of a formal partnership with Mercy Central. These discussions will be brought to a conclusion in the early part of 2019.

Emphasis will continue to be placed on fundraising and we will seek out individuals able to work with and build on the excellent work done by our existing Trusts Fundraiser, Chris Barrett.

Financial review

Total income in 2018 was £29,065. Of this, the majority (£26,150) was unrestricted. £2,915 of restricted funds was received from donors. Income was down by 49.2% compared with 2017 (£56,135), the decrease being largely due to the non-repeat of a very generous gift aided donation by a single individual in 2017. 2018 also proved a tougher year in terms of fundraising from charitable trusts.

The largest individual contributor to funding was Network Vineyard Church (NVC), which has made a commitment to donate five per cent of its total income to Mercy Central each year. A number of further donations were gratefully received from private companies, trusts and individuals.

Total expenses of £39,102 were incurred, an increase of 6.3% compared with 2017 (£36,772). The largest area of expense related to the work of the CAP Debt Centre (£17,783). Expenses of £2,707 were incurred on fundraising, representing regular payments to a self-employed trusts fundraiser who has worked tirelessly for the charity, together with a subscription to a searchable trust funder database.

The total deficit for the year was £10,036, compared with a surplus of £19,363 in 2017. This deficit was met by drawdown from the charity's financial reserves. The majority of restricted funds carried forward from 2017 were spent within 2018.

Reserves policy

A significant one-off donation received from Network Vineyard Church early in the life of Mercy Central has provided the ability to progressively grow the work of the charity, by using it to augment other income streams, which continue to be developed.

It is crucially important that the activity and programmes of Mercy Central are developed in a sustainable way to enable the charity to maintain and increase its impact in the local community. At the same time, the opportunity provided by healthy reserves levels offers the potential to augment existing services - and potentially grow new services - and this is something which will be carefully reviewed during the course of 2019.

Taking all this into account, the aim is to progressively reduce reserves levels over the coming years. The final reserves target will be assessed in the light of circumstances. However, given the risk of income variability and ongoing commitments, the current target is for Mercy Central to maintain a level of unrestricted funds of between three and six months' operating expenditure. Unrestricted reserves levels were reduced by 13.1% during the course of the year.

Total reserves at the end of 2018 were £66,550, 99.7% of which were unrestricted, providing considerable flexibility in their potential use.

Governance and management

The work of Mercy Central is overseen by its Board of Trustees. During 2018, the Board met on three occasions and there was ongoing Trustee discussion about the work of the charity between formal meetings. Joanna Kay, one of the Trustees, who

is also the trained and approved CAP Debt Centre Manager, manages day-to-day activity associated with the Reading Site of Network Vineyard Church. She reports managerially to the Chairman of Mercy Central and her objectives are agreed annually and reviewed, using a Performance and Development review process.

Concluding comments

The Trustees acknowledge with very grateful thanks the time given by the many volunteers who make Mercy Central's programmes such a success. They also would like to express their gratitude to our growing number of financial supporters, including Network Vineyard Church, Sound Foundation Ltd, Church Urban Fund, Kiriath Trust, the 29th May 1961 Charitable Trust, the Englefield Charitable Trust, the St Laurence Relief in Need Trust, the Gerald Palmer Eling Trust, the Shanley Foundation, the Reading Lions Club, the Anna and Colin Frizzel Charitable Trust, and individual supporters via Virgin Money Giving. Without both volunteer time and financial resources, coupled with the dedicated service of our small core staff team, the work of Mercy Central could simply not be carried out. Trustees are enormously grateful for all this support.

This report was approved by the Board of Directors on 17th June 2019 and signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'John Neate', with a stylized flourish at the end.

John Neate
Chairman

Mercy Central

Income and Expenditure Account for the year ended 31st December 2018

	Note	2018 £	2017 £
Incoming resources:			
Restricted		2,915	14,093
Unrestricted		26,150	42,042
Total incoming resources in the period		<u>29,065</u>	<u>56,135</u>
Resources expended:			
In furtherance of the Charity's objectives:			
Administrative Expenses	2	36,887	33,979
Other costs	3	2,215	2,793
Total expenditure in the period		<u>39,102</u>	<u>36,772</u>
Net incoming resources and net movement in funds in the period		<u>(10,036)</u>	<u>19,363</u>

Mercy Central

Balance Sheet as at 31st December 2018

	Note	2018 £	2017 £
Current assets:			
Debtors		0	75
Cash at bank and in hand		62,724	73,809
Total current assets		<u>62,724</u>	<u>73,884</u>
Net current assets		<u>62,724</u>	<u>73,884</u>
Creditors			
Creditors: amounts falling due within one year		755	2,798
Total assets less current liabilities		<u>61,969</u>	<u>71,086</u>
Accruals and deferred income		4,581	5,500
Total net assets		66,550	76,586
Capital and reserves			
Income and Expenditure Account		66,550	76,586
Total reserves		<u>66,550</u>	<u>76,586</u>

For the year ending 31 December 2018 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for ensuring that the company keeps proper accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008).

Approved by the Board of Directors on 17th June 2019.

Signed on behalf of the Board by,



John Neate, Chairman

The notes form part of these financial statements

Mercy Central

Notes to the accounts as at 31st December 2018

1. Accounting Policies

These accounts have been prepared using the following accounting policies:

- (a) Donations received are included when they are received, net of tax where appropriate.
- (b) Tax received is accrued in the year that the corresponding gift is received.
- (c) Interest received is included net of tax when it is received.
- (d) Expenses are accrued in the year that the expense is incurred.

2. Administrative Expenditure

The administrative expenditure for this period is applied to the following activities:

Activity	2018	2017
	£	£
CAP Debt Centre	17,783	17,512
CAP Job Club	4,605	5,233
CAP Life Skills	3,583	1,471
CAP Money	0	0
CAP Release Groups	458	949
Fundraising	2,707	2,265
Mercy Central	7,751	6,549
Other	2,215	2,793
Total	39,102	36,772

3. Other Expenditure

Other expenditure relates to the payment of £2,215 to CAP Clients from restricted funds received on their behalf.

4. Directors' remuneration

The directors did not receive any remuneration during the year.

5. Employees

The company did not employ any staff during the year.

6. Movement in Funds

Unrestricted funds	2018	2017
	£	£
Balance at start of year	69,269	52,340
Incoming resources for year	26,150	42,042
Expenditure for year	29,069	25,113
Transfer to restricted funds	0	0
Balance at end of year	66,350	69,269
Restricted funds		
Balance at start of year	7,317	4,883
Incoming resources for year	2,915	14,093
Expenditure during year	10,032	11,659
Balance at end of year	200	7,317

7. Operating Lease Commitments

The charity uses premises owned and operated by Network Vineyard Church which are provided without charge to the charity. As such the charity has no operating lease agreements and has no tenancy agreement with Network Vineyard Church.