



# **MERCY CORPS EUROPE**

## **Annual Report FY24**

# Contents

Who We Are .....	3
Trustees' Annual Report.....	5
Strategic Report for the Year Ended 30 June 2024 .....	20
Financial Review .....	28
Independent Auditor's Report to Trustees and Members of Mercy Corps Europe .....	33
Financial Statements.....	39

**Cover photo:** A wife and husband, both participants in the SAFER Consortium programme in the Democratic Republic of Congo, display some of the food they have grown after receiving Multipurpose Cash Assistance.

## Who We Are

Mercy Corps Europe is part of a unified global organisation, Mercy Corps, which consists of:

- › Mercy Corps Global (MCG), a US entity registered in Washington State and its field operations, including branches and local organisations located in approximately 40 countries;
- › Mercy Corps Europe (MCE), a UK entity registered in Scotland with offices in Edinburgh and London;
- › Mercy Corps Netherlands (MCNL) a Dutch entity registered in the Netherlands with an office in The Hague;
- › Other affiliated entities of the global organisation<sup>1</sup>.

Mercy Corps Europe shares the global organisation's mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of programme activities. Mercy Corps Europe maintains an independent governance structure and decision making in relation to those programmes for which it is directly responsible. Mercy Corps Europe contributes to the strategic objectives as a global organisation through effective stewardship and management of resources, raising income, building influence, and delivering impact.

## Strategic Framework

Mercy Corps' 10-year strategy, Pathway to Possibility, reflects our ambitions to not only meet the basic needs of communities affected by conflict and climate change, but to achieve lasting, transformational change at scale.

Enhancing resilience is at the heart of what Mercy Corps does and how we work. Resilience means that people and systems can improve and protect their wellbeing in the face of shocks and stresses. Mercy Corps strengthens sources of resilience to enhance the capacities of people, markets, and institutions to handle shocks, reduce risk, build more equitable and responsive systems, and improve wellbeing. Through our programmes, partnerships, and influence, we support communities to cope, adapt, and ultimately thrive.

We work towards four connected and reinforcing outcomes that determine people's wellbeing and support them to cope, adapt, and thrive:

- › **Food Security:** People are well-nourished at all times, with access to sustainably produced, safe, and nutritious food.
- › **Water Security:** People have equitable and sustained access to clean and safe water to meet their everyday needs.
- › **Economic Opportunities:** People grow and sustain their assets and income.
- › **Peace and Good Governance:** People reduce or prevent violence, contribute to advancing sustainable peace, and participate meaningfully in inclusive and responsive governance systems.

---

<sup>1</sup> Consolidated affiliates include but are not limited to: Kompanion Bank Closed Stock Corporation, MC Kenya, MC Nigeria LTD/GTE (Nigeria) LLC, Mercy Corps Development Holdings LLC, Yayasan Mercy Corps Indonesia, Humanitarian Energy PLC, Energy 4 Impact (in dissolution), Mercy Corps India (in dissolution)

The following five organisational commitments underpin all that we do – regardless of programming interventions or context – and challenge us to be more accountable and to continuously push the boundaries of what is possible:

- › **Climate Smart:** We take bold action to meet the urgency of the climate crisis.
- › **Evidence Driven:** We use data, evidence, and analytics to drive impact, scale what works, and influence others.
- › **Innovative and Creative:** We innovate and work with change-makers to test, co-create, and scale more effective solutions.
- › **Locally Led:** We are intentional about sharing and ceding power, building meaningful partnerships, and centring communities' voices in all we do.
- › **Safe, Diverse, and Inclusive:** We help create a culture of inclusion for all people that protects, enables, and elevates diverse community members and groups.

In order to achieve 'Pathway to Possibility' in Europe, Mercy Corps employs its European Strategic Plan that covers 2023-26, to realise our ambition that, in three years' time, "Mercy Corps is established as one of the leading organisations in Europe building long-term resilience of communities facing the compounding effects of conflict, fragility and climate change." We will do this by:

1. Increasing Mercy Corps profile, funding and influence within key European locations, policy fora and events.
2. Investing in and strengthening our people, systems, and structures to capitalise on expertise and innovations that deliver impact.

## Purpose and Mission

Mercy Corps supports communities – and the most marginalised within them – to emerge from crisis in the face of conflict and climate change, and build towards a more inclusive, resilient future. Mercy Corps works on the front lines of crises as a multi-mandate organisation that provides access to humanitarian aid, development, and peace assistance in places affected by conflict and climate change.

Our mission is to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. Beyond delivering aid to meet urgent needs, we develop long-term solutions to make lasting change possible, making it easier for affected communities to access resources, services, and opportunities that support them to cope, adapt, and ultimately thrive.

In more than 40 countries around the world, over 5,400 team members work side by side with people living through poverty, disaster, violent conflict, and the acute impacts of climate change. We're committed to creating global change through local impact – 84% of our team members are from the countries where they work.

As conflict and the climate crisis further deepen challenges across the globe, Mercy Corps is steadfast in our commitment to sparking new possibilities alongside our partners, communities we serve, and dedicated supporters. This year, we have come together to support people as they overcome challenges and create lasting change.

We know that however complex or daunting the barrier, a path forward can be built with greater connection – to clean water, to nutritious food, to better economic opportunities, and to activities and solutions that foster peace within communities. Every person, family, and community we work with is on

their own journey forward, and our teams provide support so they can better cope amid crisis, adapt to evolving challenges, and thrive into the future. When communities face displacement, hunger, and other consequences of conflict and climate-driven disasters, Mercy Corps responds quickly.

Mercy Corps Europe (MCE) is part of the global Mercy Corps organisation and exists to ensure effective stewardship and management of UK and European resources, raise income, build influence and demonstrate impact in Europe to contribute to the mission of the global organisation, as stated above.

In this report, we use 'Mercy Corps Europe' when referring to the UK-based organisation, 'Mercy Corps in Europe' to reflect our headquarters operations across Europe, and 'Mercy Corps' to refer to the global organisation.

# Trustees' Annual Report

## Our Structure, Governance and Management

### Our Structure

Mercy Corps Europe is a Scottish registered charity (registration number SC030289) and is constituted as a company limited by guarantee (registration number SC208829). The objects of the charitable company are the relief of poverty, the advancement of health, the advancement of community development, the saving of lives, the advancement of human rights, conflict resolution or reconciliation, and the advancement of environmental protection.

Mercy Corps Europe is a member organisation, made up of nine Members who also sit on the Joint Board Executive Committee (JBEC). The Members appoint the Directors of Mercy Corps Europe based on nominations from the Mercy Corps Europe Board at the Annual General Meeting. Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global are all Membership entities and all three have members in common.

The Directors of Mercy Corps Europe are the statutory Charity trustees, collectively known as the Board of Directors. The Board comprises a minimum of six and a maximum of twenty Directors. Board Directors have term limits of two three-year terms, with a possible extension for a third term of three years in exceptional circumstances, for a maximum of nine years. The Joint Board of Directors meets regularly to govern the charity through four meetings per year.

Mercy Corps Europe operates under a global CEO, who is also the CEO of Mercy Corps Global. Mercy Corps Europe also has a legal representative who is appointed by the Mercy Corps Europe Board, subject to the approval of the Mercy Corps global CEO. In FY24, the Mercy Corps Europe Executive Director served as the legal representative and as the principal manager of Mercy Corps Europe.

Mercy Corps Global, Mercy Corps Europe, and Mercy Corps Netherlands operate under the following intercompany arrangements: a Governance Agreement (GA) entered into, effective 1 July 2015 and revised in 2018 (to include Mercy Corps Netherlands), and a Memorandum of Understanding (MoU) setting out the shared operational framework, last revised in 2021. The GA and MOUs, as well as the organisation's legal and operational structure, indicate that the relationship between Mercy Corps Global and Mercy Corps Europe is a parent subsidiary relationship.

Each new Board Director participates in an onboarding process which includes the following:

- > Administrative setup and signposting to key strategic, financial, and operational documentation, including access to Board and Committee meeting minutes;
- > A series of onboarding meetings with key stakeholders;
- > A series of mandatory trainings.

When the opportunity arises, new Board Directors are encouraged to participate in a programme visit to meet with Mercy Corps teams, partners, and programme participants in one of our countries of operation. Annually, Board Directors participate in a series of trainings in person.

The balance and diversity of Board Directors is closely reviewed by the Boards and the Joint Nominating and Governance Committee, with an emphasis on ensuring that Board Directors provide the specific mix of skills that have been identified as important to the charity's objectives and activities. All new Directors receive briefings, including on governance and conflicts of interest, as part of their onboarding process. Training sessions occur on at least an annual basis and are developed in consultation with the Joint Board Chair, Joint Nominating and Governance Committee, CEO and internal and external experts.

### **Mercy Corps Europe Board of Directors**

Mercy Corps Europe is managed by a Board of Directors responsible for the oversight of MCE's overall performance and development, internal risk management and control systems, as well as the efficient management of financial resources.

Stanley Njoroge	John Makinson
Kendi Ntwiga	Linda McAvan (Appointed 30 June 2024, term starts 1 July 2024)
Lesley Ndlovu	Vijaya Gadde (Appointed 30 June 2024, term starts 1 July 2024)
Emmanuel Lulin	Kito de Boer (Chair) (Resigned 29 October 2024)
Alan Hartley	Lucy Helm (Term ended 30 June 2024)

### **Mercy Corps Europe Members & Joint Board Executive Committee (JBEC)**

The JBEC has the authority to act on behalf of the Board of Mercy Corps Europe between meetings, and the Committee Directors also serve as members of the company, and in FY24, the following Directors served in this capacity:

Emmanuel Lulin	Cecily Joseph
Lucy Helm	Melanie Thomas Armstrong
Tjada D'Oyen McKenna - Global CEO	Kito de Boer (Resigned 29 October 2024)
Alan Hartley	Ludovic Subran
Lesley Ndlovu	



## Committees

There are seven standing Board Committees made up of Board Directors of Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global and other independent individuals with relevant experience, under specific charters approved by the Board. Each Committee reports to the Boards of Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global at the quarterly Joint Board meetings.

**Joint Audit and Risk Committee (JARC):** The JARC provides assistance to the management and to the Boards in fulfilling their oversight responsibility to donors, potential donors, the NGO community and other stakeholders regarding Mercy Corps' financial statements and the financial reporting process. It assists with ensuring the integrity of the Mercy Corps consolidated annual statements; the selection, engagement and dismissal of Mercy Corps' independent auditors; and the performance of the Mercy Corps internal audit function. The JARC has oversight of Mercy Corps' enterprise risk and entity-specific risk management frameworks.

**Joint Finance Committee (JFC):** The JFC provides assistance to the management and to the Boards in fulfilling their oversight responsibility with respect to the financial stability, financial strategy and the long-term economic health of Mercy Corps. It reviews the financial condition, policies, and practices of Mercy Corps and provides reports and recommendations with respect to these to the JBEC and as appropriate to the Boards.

**The Joint Ethics and Safeguarding Committee (JESC):** The Joint Ethics and Safeguarding Committee (JESC) is chartered to oversee the management and advise the Boards on all ethics matters. The Committee oversees ethics-related policies, including safeguarding, and management's implementation of ethics systems (reporting, investigation, training, accountability, case resolution and annual ethics reporting to the board). The Committee also considers annual processes such as the Modern Slavery Statement and specific topic areas that may arise, such as safeguarding; diversity and inclusion; philanthropy ethics; ethics of technology; ethics in human resources; and ethical challenges in crisis management.

**Joint Nominating and Governance Committee (JNGC):** The JNGC is responsible for making recommendations for Board membership, as well as providing advice and recommendations regarding corporate governance practices to the respective Boards of Directors of Mercy Corps.

**Joint Development Committee (JDC):** The JDC provides assistance to the Boards to fulfil their responsibility for the organisation's fiscal health by ensuring Mercy Corps has an effective private resource development program. The JDC Charter was approved and adopted on the 29 June 2023. The Committee was previously a Committee for Mercy Corps Global only.

**Joint Compensation Committee (JCC):** The JCC provides advice and recommendations regarding human resources functions and the compensation of Mercy Corps officers. The Committee was previously a Committee for Mercy Corps Global only.

## Mercy Corps Netherlands and Affiliates

Mercy Corps Netherlands is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe and Mercy Corps Netherlands is governed by a Governance Agreement and Memorandum of Understanding that also includes Mercy Corps Global and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. Mercy Corps Netherlands is an affiliated entity, Mercy Corps Europe has consolidated Mercy Corps Netherlands.

## Delegation of Authority to European Management Team

The board delegates the running of Mercy Corps in Europe to the European Senior Leadership Team (ESLT), working in collaboration with global functional leaders.

- › **Harpinder Collacott** – Executive Director, Europe (resigned 4 October 2024)
- › **Michael McKean** – Senior Director, Programmes, Funding & Operations
- › **Alexandra Angulo** – Vice President, Strategy Realization (MCE Legal Representative as of October 2024)
- › **Selena Victor** – Senior Director, Policy & Advocacy
- › **Lisa Seymour-Doughty** – Senior Director of Development, Europe
- › **Joanne Glover-Raad** – Senior Director, Compliance, Governance and Risk
- › **Carrie White** – Interim HR Director, Europe
- › **Cameron Hall** – Senior Director, People Operations (resigned February 2024)
- › **Margaret Morrow** – Director of International Finance, Europe
- › **Robbert van den Berg** – Managing Director, Mercy Corps Netherlands (Joined February 2024)
- › **Marina Antunovic** - Managing Director, Mercy Corps Netherlands (Resigned December 2023)
- › **Oliver Hughes** – Senior Advisor – Executive Office (Interim from October 2023 - October 2024)
- › **Jessica Zyw** – Senior Advisor – Executive Office \*on Parental leave October 2023 - 2024
- › **Jillian Irving** - Financial Controller, Europe (Resigned October 2023)
- › **Christopher Gaunt** – Director, Financial Controller – Europe (Joined February 2024)

## Governance and oversight of country office operations

The Mercy Corps Europe Board of Directors fulfils its governance and oversight responsibilities of MC country office operations through controls, governance and reporting arrangements. The responsibility for Mercy Corps country offices, which implement the grants and contracts signed by Mercy Corps Europe, is formally transferred to Mercy Corps Global through the MOU and integrated global governance arrangement. Mercy Corps Europe’s Executive Director sits on the Executive Leadership Team of Mercy Corps assuring the interests of Mercy Corps Europe at the highest management level of the organisation.

Mercy Corps Europe team members provide programmatic and financial monitoring, support and oversight for implementation and are responsible for the review and submission of all reports to donors. The financial and management systems under which Mercy Corps Europe programmes operate are subject to external review by auditors acting on behalf of funding partners/donors, and internal reviews and audits by the MC Internal Audit team. All internal and external audit reports are shared with MCE, as well as all reports produced by the global Ethics and Compliance Department impacting on European donors and on MCE. The Mercy Corps Internal Audit and the Ethics and Compliance departments report to the Joint Audit and Risk Committee at least three times per year.



## Directors' Report

The Board of Directors of Mercy Corps Europe continue to be mindful, both individually and collectively, of their responsibility to promote the long-term success of the organisation. As a Board we consider our decision-making process to be in the best interests of our stakeholders and charitable reputation.

- › As a Board our aim is to continually support the organisation to ensure that we deliver our mission which is to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. In doing so, we are an organisation that aims to ensure effective stewardship and management of resources, raises income, builds influence and demonstrates impact.
- › The team members across Mercy Corps are fundamental to the execution of our vision to support communities – and the most marginalised within them – to emerge from crisis in the face of conflict and climate change, and build towards a more inclusive, resilient future.
- › Communications on all organisation operations and performance are regularly shared through our team meetings, email communication and internal information sessions. The integration of new team members, through our formal induction process, is of paramount importance to the Board as a method of instilling the organisation's vision.
- › As a Board, our continued commitment to the environment is at the forefront. As a global organisation looking to meet not just urgent needs but facilitate communities' efforts to make lasting change in their lives, we know the climate crisis is already impacting every aspect of what we do. This is why Mercy Corps has outlined an ambitious climate commitment, through our Pathway to Possibility strategy, that will ensure our team, technical approaches, and operations are ready for and reflective of the urgency of this crisis. In essence, our commitments outline the ways our work must change to ensure our programmes have the enabling conditions to achieve climate impact.
- › We, as a Board of Directors, intend to operate and behave with the utmost professionalism, to lead by example, and ensure our management teams also act with the same integrity. This will be pivotal in our mission of delivering a high level of service to our stakeholders and delivery of programmes, correlating with the long-term success of our organisation.

A full listing of directors and the board delegates for the running of Mercy Corps in Europe is listed in the Structure, Governance and Management of this report.

## Section 172 Statement

The Board of Directors of Mercy Corps Europe continue to be mindful, both individually and collectively, of their responsibility to promote the long-term success of the organisation. As a Board we consider our decision-making process to be in the best interests of our stakeholders and charitable reputation.

- › **Likely consequences of long-term decisions:** As a Board our aim is to continually support the organisation to ensure that we deliver our mission which is to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. In doing so, the Board ensures that Mercy Corps Europe has effective stewardship and management of resources, raises income, builds influence and demonstrates impact. In all these matters, the Board considered likely long-term consequences of their decisions.
- › **The need to foster the charity's business relationships with suppliers, customers and others:** The delivery of Mercy Corps Europe work is dependant on the support of our partners.

As an organisation, we work to build strong partnerships, which meet contractual requirements, and create meaningful, long-term engagements. Our procurement processes are designed to ensure Mercy Corps has robust control over the expenditure of funds and enables sustainable business relationships.

- › **The interest of the charity’s employees:** The team members across Mercy Corps are fundamental to the execution of our vision. Communications on all organisation operations and performance are regularly shared through various means of communication. The integration of new team members, through our formal induction process, is of paramount importance to the Board as a method of instilling the organisation’s vision. Team members’ wellbeing was at the forefront of the Board’s decision-making process. Mercy Corps promotes a workplace that emphasises employee wellbeing, holistically supported through a comprehensive benefit package that helps team members care for themselves and their families. The Board provide oversight of the biannual employee engagement survey ‘All Voices’ and global human resources policies.
- › **The impact of the charity’s operation on the community and the environment:** As a Board, our continued commitment to the communities that we work in and to the environment is at the forefront of our strategy and our organisational policies. The Board regularly review organisational policies. The organisation is now promoting the economic impact of our office operations and individual responsibility of recycling and environmental awareness.
- › **Maintaining a reputation for high standards of business conduct:** We, as a Board of Directors, intend to operate and behave with the utmost professionalism, to lead by example, and ensure our management teams also act with the same integrity. This will be pivotal in our mission of delivering a high level of service to our stakeholders and delivery of programmes, correlating with the long-term success of our organisation. This is embedded in our Code of Conduct and Board recruitment, onboarding and evaluation process.
- › **The need to act fairly as between members of the charity:** The charity is not run in the interests of the members but of the objects of the charity.

## Trustees’ Responsibilities Statement

The trustees (who are also Directors of Mercy Corps Europe for the purposes of company law) are responsible for preparing the Trustees’ Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 (FRS 102);
- › 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 a going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. 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 confirm that:

- > So far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- > The trustees have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

## Modern Slavery Statement

We are committed to the prevention of modern slavery and human trafficking in our supply chains. In accordance with the requirements of the Modern Slavery Act 2015, we publish an annual modern slavery and human trafficking statement on our website ([link available here](#)), which reports on the steps we continue to take to aim to ensure modern slavery and human trafficking does not take place in any part of our business or supply chain.

## Safeguarding Statement

As a global humanitarian organisation working with some of the world's most vulnerable communities, we have an immense responsibility to our programme participants, donors and team members across the 40+ countries in which we work. At Mercy Corps, we strive to create an inclusive and safe work environment, where everyone is treated with dignity and respect, free of exploitation, harassment and bias. Central to this commitment is our emphasis on protecting our programme participants, community members, and team members from all forms of harm, including any physical, emotional or sexual abuse or exploitation. We take this responsibility seriously and we continue to invest in and strengthen our approach to safeguarding. Mercy Corps Europe aligns with Mercy Corps' global safeguarding approach and code of conduct policies.

The Chief Ethics & Compliance Officer (CECO) leads a stand-alone Ethics and Compliance Department (ECD) that supports Mercy Corps' global operations. Regarding Safeguarding, the ECD includes the Intake and Investigations Team which is responsible for overseeing all investigations relating to safeguarding allegations and the Safeguarding Prevention Team which supports safeguarding

prevention efforts across all countries where Mercy Corps operates. As part of that team, there is a European Safeguarding Advisor with a particular focus on European donors, programmes and networks.

In January 2024, Mercy Corps launched the Safeguarding Core Standards Policy available here: <https://dldocs.mercycorps.org/SafeguardingCoreStandardsPolicy.pdf>

The Core Standards Policy pulls all our safeguarding commitments – at programme and operational levels - into one global framework. Our goal is to more fully operationalise our safeguarding commitments, clarify responsibilities and ensure every team member at Mercy Corps understands their role and is empowered to prevent and respond to exploitation, abuse, trafficking and harassment, leading to a more safe, diverse and inclusive Mercy Corps. There are ten core standards, which outline specific minimum requirements. Each standard is accompanied by field-tested tools and guidance to support their implementation. The ten standards are:

1. Safeguarding prevention and response roles are in place at the country level;
2. Safe recruitment processes are in place;
3. All team members receive regular and ongoing safeguarding training;
4. Leadership at all levels demonstrate commitment to safeguarding;
5. Safeguarding is integrated throughout the programme cycle and included in programme budgets;
6. Partners and contractors are vetted, monitored, and supported appropriately on safeguarding;
7. Reporting systems are trusted, operational, accessible and communicated (which includes community feedback and complaints mechanisms as required under our Community Accountability Reporting Mechanism CARM Policy);
8. Survivors are treated with respect and provided with appropriate, dignified support;
9. Safeguarding investigations are survivor-centred, timely and thorough; and
10. Images, stories and personal information are gathered, stored and used safely.

We are continuing to sensitise country teams on the implementation of the Core Standards Policy and are monitoring progress via a Core Standards Implementation Dashboard. The Dashboard allows us to identify gaps and areas for ongoing support by the global and regional safeguarding teams.

In FY24, Mercy Corps issued its seventh and final report on our Commitments to Action and progress made following the independent external review examining Mercy Corps' handling of reports of sexual abuse by Mercy Corps' late co-founder Ellsworth Culver were brought to the organisation's attention in 2018.

Mercy Corps' final Progress Report on the Commitments to Action can be found at: <https://dldocs.mercycorps.org/CommitmentstoActionProgressRepAug2023.pdf>

Mercy Corps' policies related to safeguarding can be found at: <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>

Mercy Corps' Global annual Safeguarding Report can be found at: <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies#safeguarding-approach>

## Trustee Risk Statement

Mercy Corps works in fast-changing, often insecure and high-risk environments, delivering its mission in some of the toughest and riskiest places in the world. This means that risks are inherently ingrained in our operations. To operate effectively, bring about the changes we aim for, and safeguard our team members and the people we work with, we assess and respond to the risks we face in accordance with our risk management framework.

Mercy Corps operates as one global organisation with common exposure to financial, operational, reputational and external risks. Mercy Corps Europe therefore works closely with Mercy Corps Global, Mercy Corps Netherlands and our country teams to identify, mitigate and manage risks in our challenging operating environments. Globally, Mercy Corps has an enterprise risk management approach and maintains a global enterprise risk register. In addition, Mercy Corps Europe has an entity-specific risk management framework and accompanying Corporate Risk Register which is reviewed by the European Senior Leadership Team and with trustees as part of the Risk and Audit Committee. Key risks are discussed, and corresponding actions scrutinised.

## Enterprise Risk Management

Globally, Mercy Corps frames Enterprise Risks as those that would significantly impact (positively or negatively) a Mercy Corps strategic priority, goal, or initiative. Mercy Corps' Enterprise Risk Management (ERM) framework is a comprehensive approach to helping leadership ensure the appropriate identification, management, mitigation and/or escalation of Enterprise Risks. The ERM Committee in FY24 consisted of: General Counsel, Deputy General Counsel, Chief Financial Officer, Chief People Officer, Chief Operating Officer, Chief Ethics and Compliance Officer, Vice President of Programs, Chief Development Officer, Chief Communications and Marketing Officer, and Mercy Corps Europe Executive Director (plus observers). The ERM Committee meets as frequently as it deems necessary to carry out its duties and responsibilities, and in any case no less than three times a year.

Mercy Corps countries of operations are encouraged to identify key risks and mitigation measures as part of the strategic planning process annually. Mitigating strategies are subsequently developed and managed throughout the year. Risk management is also a key component of "Programme Management at Mercy Corps" and programmes designated as complex, either by virtue of size, nature or location, are subject to additional rigour. Most Mercy Corps programmes develop programme risk registers as part of the good project governance and are required by most of our donors.

Mercy Corps also has a wider assurance framework which includes associated policies on health and safety, incident reporting, anti-fraud and corruption, conflict of interest, management of complaints and grievances, prevention of support for prohibited parties, safeguarding, security, and raising concerns (whistleblowing). These policies aim at ensuring that risks are identified, acted on swiftly, and incidents are reported according to our regulatory responsibilities.

Throughout the year, risk-based internal audits of country offices are conducted by the Mercy Corps Internal Audit team. In FY24 eight internal audits were carried out. Internal audit reports are shared with management and the JARC. Agreed actions and recommendations from each audit are followed up throughout the year and reports on their significant findings and implementation of the action plans are also reviewed by management and the JARC. Work continues to aim to reduce the incidence of repeat findings and to determine organisational-wide improvements identified through country internal audits, as well as identifying appropriate resources to support such efforts.



## European Risk Management

Mercy Corps Europe has a European Risk Management Framework relevant for risks applicable to the UK entity (some of which overlap or interconnect with risks applicable for Mercy Corps globally). Mercy Corps Europe maintains a Corporate Risk Register (CRR) which sets out key business, operational and financial risks facing MCE. Discussions around key risks takes place regularly during the European Senior Leadership Team meetings and in the global enterprise risk management meetings and working groups. The CRR is shared with the JARC at their meetings no less than three times a year.

The Board of Directors of Mercy Corps Europe are ultimately responsible for the risk management of the European entity. The Board has the opportunity to assess Mercy Corps Europe's position and raise queries relating to individual or collective risks.

As at the end of FY24, the significant risks noted, and actions agreed by the Mercy Corps Europe Board, are assessed to be:

- › The **external political environment** in the UK and Europe potentially impacting financial stability of the organisation: We are investing in our policy and advocacy and fundraising capacities, and working to diversify our sources of funding. In FY24 we monitored the changes in governments across Europe (and the implications for development funding) and planned for the anticipated change in Government in the UK (in July 2024).
- › Potential **safeguarding incidents** which go undetected resulting in significant legal and reputational damage: We continue to strengthen our mitigation measures around safeguarding, including in relation to awareness, prevention, reporting, response and investigation when issues arise, as well as increasing country and regional resource and capacity. In FY24 the Safeguarding Core Standards were rolled out and the Speak Out! Policy (previously the Ethics and Complaints Whistleblower Policy) was released. See further Safeguarding section of this report.
- › **Team members are placed at risk of harm**, including related to mental health and wellbeing: We have up to date global security policies and procedures in place, as well as country-specific guidelines. Our global and regional security advisors provide technical support. Hostile Environment Awareness Training (HEAT) is available for team members who travel to our country offices. European People team restructured and fully staffed as part of global People team and running organisational initiatives through our All Voices Survey.
- › **Fraudulent activity** impacting the financial stability and reputation of the organisation: We have a suite of global policies in relation to anti-fraud and corruption and accompanying procedures and internal controls in place, monitored through internal audit. In FY24 the Conflict-of-Interest Policy was updated and rolled out. We have online mandatory training for all team members. We have mechanisms in place for reporting allegations, including an integrity hotline and our Community Accountability and Reporting Mechanisms (CARM) systems in the countries where we work, and our Global Ethics department runs investigations. In FY24, work continued on the global Fraud Risk Assessment to work through the priorities for strengthening fraud prevention.
- › **Data Protection** and specifically non-compliance with GDPR, and cyber-attacks: We have data protection policies and procedures in place, which were reviewed and updated for compliance with UK specific regulations. Mercy Corps Europe hosts a European Data Oversight Group which meets regularly. We have mandatory global responsible data training and in addition we provide specific training on GDPR to Europe based staff as part of onboarding and refreshers thereafter. We maintain an Mercy Corps Europe data schedule for each department and our Data Protection Officer carries out a quarterly review to monitor compliance and support actions. We are

constantly updating and strengthening Information Technology and Information Security policies and cyber security mitigation measures. We have a Cyber Essentials Plus certification.

- › **Unexpected disruption of our programme activities in country or an event impacting European operations:** Measures are in place to ensure strong monitoring of security risks, including an increased emphasis on contingency plans for high-risk contexts. Regional security advisors are looking at regional dynamics/trends and the Emergency Preparedness Planning process across all countries. We have been training our senior leaders on crisis management and constituted a Crisis Management Team to stand up in light of a global crisis.

## Environmental Reporting

Reporting period: 1 July 2023 – 30 June 2024

### Quantification and Reporting Methodology

We have followed the 2013 UK Government environmental reporting guidance. The figures relate to the required elements of each scope 2 category rather than the optional elements. We have used 2013 UK Government's Conversion Factors for Company Reporting and the GWPs used within that were consistent with those used in the 2013 UK Government Conversion Factors.

Using the [GHG Protocol](#), specific categories have been included and excluded depending on its relevancy and estimated share of emissions.

Our reporting categories cover:

- › **Scope 1:** These are direct emissions from agency-owned and controlled resources such as emissions from onsite fuel combustion. Common sources for Mercy Corps: Combustion of Fuel in buildings; fuel for leased or owned vehicles.
- › **Scope 2:** These are indirect emissions from the generation of purchased energy, from a utility provider. Common sources for Mercy Corps: Electricity consumption.
- › **Scope 3:** All indirect emissions not included in Scope 2 that occur as a result of activities from assets not owned or controlled by the reporting organisation. Common sources for Mercy Corps: Business travel; Purchased goods and services, Capital goods.

Employee commuting and waste generated in operations are not considered in the accounting of our carbon emissions. Furthermore, due to a lack of available data about our waste streams and the amount generated, this category was not included in the project scope.

### Intensity Metric

For Mercy Corps Europe, we use the operational control approach and account for emissions within the operational boundary of Mercy Corps Europe thus not taking into account the emissions resulting from programming by the various country teams implementing.

The Total Emissions for Mercy Corps Europe with the said reporting period is TCO<sub>2</sub>e which primarily is from scope 2. This is contributed by Mercy Corps Europe consumption of Grid-Purchased electricity for both the Edinburgh office and the London Office.

### Electricity

Electricity purchased for own use or consumption in the year for both of our Mercy Corps Europe offices cumulatively is 77,417.08 Kw, which is a decrease from last year's 100,827Kw and the base year 111.54MWh).

## Base Year

We have a fixed base year of 2019/20. We chose this year as it was the first year for which we considered that we had reliable data, and it was typical in respect of our operations. Our base year recalculation policy is to recalculate our base year and the prior year emissions for relevant significant changes such as large structural changes, mergers, or monitoring methodology changes.

## Intensity Measurement

We have chosen the metric of Tonnes of CO<sub>2</sub>e per full-time equivalents staff for our absolute organisational emissions and with reference to our boundaries organisation. This means that emissions impact by the number of full-time personnel that is accounted for in MCE. This enables us to link our emissions to the growth of the organisation. During reporting we declare the emissions per FTE (per capita). For the reporting period this is 0.52<sup>2</sup> TCO<sub>2</sub>e/FTE.

## Energy Efficiency Action

In the period covered by the report the organisation continues to follow its Environmental Policy including:

- › To comply with all applicable UK and international legislation, regulations and codes of practice on environmental matters relevant to our operations. We monitor any new regulatory developments and guidelines to ensure we remain compliant and that we follow best practice;
- › To implement the most efficient and sustainable waste management measures available to continually reduce our waste and use recyclable materials wherever possible, monitoring our recycling and waste outputs;
- › To monitor our gas, electricity and water consumption across Mercy Corps Europe offices, using green suppliers where possible;
- › To build an environmentally friendly work culture through regular internal communications for staff awareness raising and training, and stakeholder engagement, including team initiatives to minimise the environmental impact of our activities;
- › To monitor and minimise the environmental impact of road, rail and air travel by:
  - encouraging the use of travel options that minimise environmental impact;
  - exploring new ways of delivering our work sustainably, such as online training platforms and other types of remote work;
  - updating the Mercy Corps Europe Travel Policy (effective, January 8, 2023), expecting staff to travel by rail when travelling domestically, unless specific dispensation from budget holders.
  - being thoughtful as to the necessity and environmental impact of air travel.
- › To ensure that consideration is given to purchasing environmentally sustainable products and services and develop sustainable supply chains by using suppliers that have environmental standards compatible with our own;
- › To increase staff knowledge and awareness of climate and environmental issues and implication, by:
  - Sharing regular climate-related communication and updates;

---

<sup>2</sup> This data doesn't include Scope 3 (Purchased goods and services) as this was not available at the time of reporting.

- Publishing an annual sustainability report;
- Engaging staff through workshops, quizzes and other educational items to increase their climate literacy;
- Establishing robust procurement guidelines in place so that the environment is considered as part of our decision-making processes.

## Objectives and Activities

Mercy Corps Europe's (MCE) programmes, partnerships, and influence focus on strengthening sources of resilience, enhancing the capacities of people, markets, and institutions to handle shocks, reduce risk, build more equitable and responsive systems, and improve wellbeing. Whether the threat is a sudden shock or a slowly emerging crisis, natural or political, Mercy Corps Europe's resilience framework is able to sequence, layer, and integrate our assistance to ensure relevant, technically sound, and high-quality support. In the most severe crises, we respond rapidly and meet urgent needs while investing early in enhancing resilience. We pivot quickly – working flexibly across humanitarian response, peacebuilding, and long-term development approaches to respond to changing circumstances.

Through our programmes, partnerships, and influence, we work towards four connected and reinforcing outcomes that determine people's wellbeing: greater economic opportunities, food security, peace and good governance, and water security. Within each outcome area, Mercy Corps Europe has defined distinctive areas of focus that we believe lead to the greatest impact for the resilient, inclusive communities we work with. They articulate what people can expect of Mercy Corps Europe and set the programming standards to which we hold ourselves accountable.

### Objective 1: Economic Opportunities

Our pathway to increased economic opportunities envisions a world where economically marginalised people grow and sustain their assets and income.

Mercy Corps Europe works through programmes, partnership, and influence to help marginalised people protect and grow their assets and income in the face of compounding shocks. We help build inclusive and resilient markets that work with and for economically marginalised people and those most affected by conflict and climate change. Our efforts aim to prevent the breakdown of markets in times of crisis, and we intervene early to help rebuild the agriculture sector, labour markets, and financial services so that livelihoods can resume. We help make markets more efficient, profitable, and accessible for systematically marginalised groups and those living in poverty. Simultaneously, we strengthen the capacities of individuals, households, and groups to operate effectively within these market systems. The private sector is our partner of choice because inclusive and resilient markets have the potential to provide sustainable economic opportunities at scale over the long term. We work on both the supply and demand sides to strengthen market system performance and address long-standing power imbalances that affect market participation. And by sequencing, layering, and integrating our peace, humanitarian, and development assistance, we help strengthen communities' capacities to cope, adapt, and thrive so they can secure economic opportunities now and in the future.

### Objective 2: Food Security

Our pathway to improved food security moves us closer to a world where people are well nourished at all times, with access to sustainably produced, safe, and nutritious food.

Mercy Corps Europe works through programmes, partnerships, and influence to meet urgent food needs while building more inclusive and resilient food systems to ensure lasting food security for all. We aim to minimise the impacts of food crises on households, prevent the destabilisation of food systems during conflict and natural disasters, and increase the resilience of food systems to climate change. We identify and support individuals and groups with the greatest food security needs – especially women, adolescent girls, underserved youth, and children – who are living in or at risk of malnutrition and poverty, and are most affected by shocks. We use cash and voucher assistance to meet urgent food needs, while simultaneously layering market approaches that support food system continuity in times of crisis.

### **Objective 3: Peace and Good Governance**

Our pathway to peace and good governance moves us closer to a world where people reduce or prevent violence, contribute to advancing sustainable peace, and participate meaningfully in inclusive and responsive governance systems.

Resilience to conflict and climate shocks depends on peaceful, locally led action and meaningful participation by everyone in responsive governance processes. Mercy Corps Europe works through programmes, partnership, and influence to support communities to prevent, manage, and transform violent conflict over time. Our efforts aim to reduce violence and address drivers of conflict so that development outcomes have lasting impact. Even while addressing immediate needs, we lay the foundation for long-term stability and sustained peace. Advancing sustainable peace starts with supporting local efforts to reduce violence and create more inclusive governance systems. We elevate locally led collective action among civil society, government, community members, and formal and informal leaders. Specifically, we focus on groups and organisations led by or serving women, youth, or other systemically marginalised populations. We help people access and influence processes and decisions within formal and informal governance institutions to address grievances and to contribute to meaningful change. And we support local peacebuilders in their efforts to resolve conflicts and lay foundations for longer-term change. Within ecological systems, we connect communities to the processes, decisions, and skills essential for effective natural resource management and climate adaptation. We help identify or create opportunities for greater participation in decision-making processes around natural resources, which is a widespread driver of conflict. In practice, this means working with community members as well as decision-makers, service providers, and other power-holders to build skills in negotiation and mediation, civic engagement, advocacy and social accountability, social cohesion, and inclusive planning community mobilisation. By sequencing, layering, and integrating our peace, humanitarian, and development assistance, we help advance peace and promote inclusive, responsive governance processes, that enable communities – and the most marginalised within them – to cope, adapt, and thrive.

### **Objective 4: Water Security**

Our pathway to water security moves us closer to a world where people have equitable and sustained access to clean and safe water to meet their everyday needs.

Inclusive, climate-smart water systems contribute to resilience by improving livelihoods, food security, and social cohesion. Through our programmes, partnerships, and influence, Mercy Corps Europe helps sustain improvements in clean, safe, and equitable water access – even in times of crisis. Whether responding to immediate water and sanitation needs in an emergency or overseeing large-scale water infrastructure projects, our efforts centre on strengthening the ability of water systems to anticipate risk and prevent water issues from fuelling future conflict. Water governance, rather than infrastructure, is at



the heart of our resilience approach. We foster inclusive and equitable processes that centre the needs and meaningful participation of marginalised groups – and women in particular – resulting in greater access to and functionality of water systems. This means working with water providers and users at multiple levels to identify sustainable rural and urban water solutions and strengthen water planning, governance, management, and financial capacities of service providers and private sector and market actors.

### **Additional Humanitarian Support**

Driven by a humanitarian imperative, Mercy Corps Europe responds rapidly to meet the immediate needs of those most impacted by conflict and climate change. We prioritise the delivery of lifesaving humanitarian assistance during times of acute need – even as we look for ways to help communities prevent, mitigate, or adapt to future shocks and stresses. We are agile and nimble, with the operational readiness and the adaptive management capacities, skills, and structures to pivot our approaches as the context requires. We partner with communities to anticipate and respond to urgent needs as they arise – enhancing resilience even in the most extreme humanitarian contexts.

### **How we measure progress**

We use data, evidence, and analytics to drive impact, make evidence-based decisions, scale what works, and influence others. This means we generate evidence about new approaches in under-researched areas, apply evidence about which approaches and methodologies work best, use evidence to validate and improve performance, and share lessons across our programming contexts and within the broader sector.

Evidence drives how we design, manage, and adapt programmes and scale what works. We also integrate data and evidence into programme strategies, approaches, and design. By using real-time programme data to drive necessary adaptations, course corrections, and improvements in performance, we conduct analyses to assess and predict how crises are evolving to inform effective humanitarian response or pivot our work as necessary. This strategy helps us capitalise on opportunities to generate evidence for approaches or methodologies where little evidence exists, focus on testing innovative solutions and cutting-edge approaches to replicate or take to scale, and use data, evidence, and analytics to determine what we advocate for and the decisions we take that affects our sector and our partner communities.

# Strategic Report for the Year Ended 30 June 2024

## Our programmes and their achievements

### Key Performance Indicators

In the past year we have seen a continued increase in needs across the globe, as complex crises compounded by climate change worsen the already catastrophic humanitarian impacts on many of the world’s most vulnerable populations. The crisis in Gaza and the wider Middle East region dominated global headlines from October 2023, adding to major humanitarian crises in DRC, Ukraine and Sudan. Mercy Corps Europe responded to these crises along with long-term, climate-resilient programming in our four outcome areas.

Our key performance indicators represent the participant reach of programmes in the four key areas of our objectives. During the year as part of our operations we had:

Objective	Activity	Programmes	Participant Reach
1	Economic Opportunities	70	13,700,000
2	Food Security	39	13,900,000
3	Peace and Good Governance	29	1,000,000
4	Water Security	18	10,700,000

This reach shows significant progress towards meeting our operational goals as part of the wider global Pathway to Possible strategy. We strive to use all available resources to ensure the reach on each of each programme maximises the impact for the communities we serve. Within each activity, we have wide ranging programmes that we monitor to ensure that the goals of each programme, particularly the participant reach, meets the target set at programme inception. This culminates in thorough reports to stakeholders that show the impact of our programmes.

Examples of programmes that were active in FY24 in these outcome areas are below:

### Economic Opportunities

In Iraq, the agricultural sector remains under-resourced, despite being one of the country’s largest industries. Over three years, the **Promoting Economic Revival for Microbusinesses and Agriculture (PERMA)** consortium has rehabilitated economic activities in the sector by linking agriculture producers and micro, small and medium enterprises (MSMEs) with access to financial services, developing their capacity to improve revenue. PERMA has demonstrated the impact that a large-scale, multi-sectoral investment can have in market systems, as well as on fostering social cohesion to rebuild economic relationships.

Building on PERMA’s success, the AFD-funded PERMA II will focus on facilitating stronger private sector actors, improve financial services and agricultural infrastructure, and improve access to affordable and quality inputs and technology. The programme is led by Mercy Corps Europe, in partnership with Triangle Génération Humanitaire (TGH), Public Aid Organization (PAO), and Altai Consulting, and achieves transformative change at scale in Al-Hamdaniya district of Ninewa, Baji, Tikrit and the Samarra district of

Salah al-Din. In June 2024, PERMA II reached 2,664 participants through improved access to loans, Microfinance Institutions staff training (MFI), Financial Literacy Trainings (FLT), and Savings and Internal Lending Communities (SILC) activities. Additionally, PERMA II engaged **2,498 returnees, 1,819 remainees, and 51 internally displaced persons (IDPs) in community initiatives, and trained 193 participants** on conflict dispute management through social cohesion programming. Through strengthening partnerships with public institutions, strategic market players, and businesses across agricultural value chains, greater access to agricultural inputs and technologies has been promoted, as well as improving smallholder farmers' experience.

**Strengthening Resilience in Agriculture, Livelihood and Markets through Local Institutions (STREAM II)** is a market-based development initiative that sustainably moves vulnerable households out of chronic vulnerability and poverty by facilitating economic recovery and growth for smallholder farmers and non-farm microenterprises in vulnerable and conflict-affected areas of Mundri and Koch, Western Equatoria State of South Sudan. This project builds on the success of the first phase, which targeted smallholder farmer households and contributed to the revitalisation of agricultural markets in areas suffering years of neglect and underinvestment. By focusing interventions on specific market functions, the project facilitates economic recovery and growth for smallholder farmers and non-farm microenterprises – sustainably lifting households out of chronic vulnerability and poverty.

The programme accomplishes this by conducting detailed Organisational Capacity Assessments (OCAs) and Organisational Network Analyses (ONAs) for the local partner, AYA. Based on these assessments, a capacity-building plan has been developed to strengthen institutional capabilities in line with the localisation agenda. STREAM II uses the Organisational Capacity Index (OCI) quarterly to assess progress in institutional strengthening and the effective implementation of the capacity-building plan.

Since the project's initiation, STREAM II has trained **160 producer and processing groups** in resilience and climate-smart techniques, smart agriculture, and business development. Additionally, **44 trade networks and SMEs** have been strengthened and linked to formal financial service providers. Furthermore, **2,683 farmers, including 90 youth**, have received technical skills training.

Over the past 35 years, Zimbabwe's economic policies, including economic liberalisation and redistribution of land, has dismantled the once burgeoning economy. Hyperinflation and a significant decline in foreign direct investment has resulted in the loss of the country's manufacturing base in large urban centres, such as Harare, Bulawayo and Mutare. This has resulted in an increase in net import of goods once produced in the country. With the loss of the industrial base, informal enterprises have filled the vacuum, with the informal sector accounting for over 60% of Zimbabwe's economy. Informal enterprises face numerous barriers that contribute low and inconsistent revenue generation, poor working conditions and business models that are over reliant on natural resources. Hurdles include exclusion from formal financial institutions and the high cost of informal capital, inconsistent and low-quality inputs, and limited end markets. Women are particularly affected, with 67% of women participating in informal economic activity and facing even more structural barriers in accessing the services they need to grow and sustain their enterprises.

The Sida-funded **Catalysing Economic Development Through the Informal Sector (CEDIS)** programme holistically tackles the challenges urban informal enterprises face, while strengthening urban and rural relations by improving worker rights and quality of work. The programme facilitates the strengthening of sectoral groups, associations and cooperatives across specific sectors; while also addressing strategic cross-cutting market constraints, such as access to finance, energy and training,

affordability of inputs, and access to information on job opportunities. The programme enables the informal sector system to function more resiliently, with an additional focus on (young) women's inclusion by increasing productivity, employment, and income opportunities, as well as empowerment for mutual learning and advocacy for women's groups.

## Food Security

Persistent conflict and fighting contributes to the weakening, or even collapsing of the economy, subsequently impacting the food security and livelihoods of already vulnerable communities. In Syria, the increase in unemployment rates and the economic crisis also have a gendered impact.

The SDC-funded **Catalysing Community Resilience in Northern Syria (CCRNS)** programme ensures that activities target specific geographical areas in order to holistically address the Food Security and Livelihoods (FSL), and water, sanitation, and hygiene services (WASH) needs of vulnerable communities. This builds long-term impact and resilience at individual and community levels, and supports structural shifts in which community members address norms and behaviours that enable communities to realise their rights.

In both Northeast Syria (NES), where Mercy Corps Europe implements the CCRNS programme in Diriyah, Raqqa in collaboration with Salam, and in Northwest Syria, where Mercy Corps Europe implements the programme in Al Ghandourah, Northern Aleppo with International Humanitarian Relief (IHR), the programme has achieved positive impacts, despite persistent conflict.

By addressing issues of poverty, lack of opportunities, and social fragmentation, the programme has sought to uplift the community and foster sustainable development, resulting in significant progress in social cohesion, economic empowerment, and water infrastructure development in NES. Rehabilitation of shops, coupled with business skills training, empowered local entrepreneurs to revitalise their businesses and the introduction of cash-for-work programmes provided employment opportunities for the most vulnerable people, reducing reliance on negative coping mechanisms. Additionally, building WASH infrastructure and engagement with local authorities has enhanced sustainable infrastructure, and reduced conflicts due to scarce resources.

Throughout this period, both the FSL and WASH community committees were heavily involved and demonstrated positive engagement and leadership, ensuring the sustainability of the programme. The FSL intervention has played a vital role in fostering economic progress within Al Ghandourah in Northwest Syria. By offering vocational training and entrepreneurship grants, aspiring entrepreneurs have been supported to launch their own income-generating ventures.

## Peace & Good Governance

**Justice and Stability in the Sahel (JASS)** is a five-year FCDO-funded programme aimed at enhancing equitable land and natural resource governance and justice for Malians and Nigeriens. JASS helps communities strengthen local systems to prevent and manage land conflicts while addressing underlying conflict drivers, with the goal of enabling pastoralist and farmer communities in Mali and Niger to adapt and thrive. Within its Conflict Prevention and Management ambition, JASS builds communities' conflict management capacity, supports conflict resolution committees (CRCs) in identifying conflict triggers, and develops inclusive solutions. JASS also works to improve accountability and relationships between communities and the state, enhancing the effectiveness of formal land management institutions.

JASS established and supported 12 CRCs, which resolved up to 59% of reported conflicts. Led by CRCs, 264 Community Peace Forums – which reach over 7,320 members – identified key conflict drivers and

improved early warning systems. Additionally, 24 Dialogues on Social Cohesion were held to help farmers analyse conflict triggers and improve mediation skills. Some of JASS' most exciting results were seen when adjacent communities, not supported by JASS, autonomously adopted JASS activities and models. These initiatives extend results and impact beyond the immediate scope of the programme, and demonstrate that JASS interventions are effective, responsive, and relevant.

## Water Security

The **SAFER Consortium programme** in the Democratic Republic of Congo (DRC) is currently in its fourth iteration and is funded by FCDO. The SAFER Consortium aims to alleviate the aftermath of humanitarian crises through the dignifying provision of Multipurpose Cash Assistance (MPCA) and **WASH** to vulnerable households affected by shocks – whether man-made or caused by natural disasters. The consortium also continues to reach the survivors of humanitarian crises, particularly the most vulnerable IDPs, returnees, and host communities in Eastern DRC, assisting them to meet their critical basic needs and working with them to prevent reliance on negative coping mechanisms.

Provision of WASH services, and particularly the **provision of access to sufficient quantities of clean drinking water** for domestic use, is at the core of the programme. As of June 2024, 183,457 individuals have received access to drinking water, through activities including water trucking, rehabilitation of water treatment units and other infrastructure of water systems, and engagement with water service providers and authorities. Access to water services is complemented by activities around hygiene promotion (sensitisation campaigns, sanitation kits, etc.), which have reached 172,055 people to-date.

## Humanitarian Response

The past year has seen a continued rise in humanitarian needs globally. In the first six months of 2024, humanitarian needs in multiple countries intensified, while new crises hit others, causing global humanitarian requirements to grow from £36.8 billion in January 2024 to £38.7 billion by June.

Conflict and violence drove rising displacement and deepened suffering in contexts such as the DRC, Haiti, the Occupied Palestinian Territory (OPT), Myanmar and Sudan, while climate shocks – including floods, cyclones and drought – caused loss of lives and livelihoods in multiple countries. In response, Mercy Corps Europe has stepped up its support to numerous countries.

Entering the third year since Russia's full-scale war on Ukraine, it is estimated that over 14.6 million people in Ukraine, including 3.3 million in front-line communities and 3.6 million IDPs across the country, require humanitarian assistance. The vastly increased need has led to a surge in the number of Ukrainian NGOs assisting conflict-affected populations. As a response to the war, Mercy Corps Europe has designed an integrated approach entitled “Locally Led, Inclusive, Versatile Emergency Support to Conflict Affected Populations in Ukraine” (LIVES). The programme, in collaboration with local partners, aims to meet basic emergency needs while enhancing the protection environment of IDPs, returnees, and others affected by the conflict. The most recent iteration of the programme, LIVES 3.0, provides continuous capacity-building support to strengthen Ukraine's civil society organisations (CSOs) to implement locally driven, accountable and transparent humanitarian responses, while also recognising the need for early recovery interventions to transition away from humanitarian aid.

Previous LIVES programmes have already distributed over £14.7 million in Multi-Purpose Cash Assistance (MPCA) and winterisation assistance to nearly 200,000 people. Through its Rapid Response Mechanism, Mercy Corps Europe has provided shelter repair kits, hygiene supplies, and food to over 16,384 individuals. Additionally, through implementing partners, 164,764 people received humanitarian



assistance including employment training, psychosocial support, and winterisation kits. Mercy Corps Europe's partners are integral to the delivery of our humanitarian assistance. By providing Ukrainian CSOs with customised training and support, Mercy Corps Europe empowers them to address the needs of vulnerable populations affected by the conflict. This support has enabled our partners to reach an additional estimated 61,450 vulnerable individuals with lifesaving assistance. Since March 2022, partnerships with 35 local partners have expanded our collective reach into war-affected areas of Ukraine, providing targeted support to those most affected.

## Our People and Culture

Our people are our greatest assets. We endeavour to create a safe and secure environment for them to work and support their wellbeing and professional development through our People function. As a result, we undertake a staff engagement survey on a bi-annual basis. This year we undertook a pulse survey to take the temperature of the initiatives underway and ensure our seven-point action plan was moving in the right direction. Staff engagement was up 3% to 55% with the participation rate in the survey standing at 73% of staff. Results from the pulse survey then led to refinement of the action plan implemented during the year, delivering across 10 key actionable areas, including:

- › a review of focus on wellbeing, introducing 2 mandated office closure periods (one in Spring and one in Winter) to support employees to balance work life with their personal commitments;
- › aligning talent acquisition to strategic needs of each team, greater collaboration with hiring managers through hiring processes and regular monitoring of time to fill vacancies to overcome pain points;
- › alignment to Performance Possible, Mercy Corps' global performance management strategy, to actively manage performance throughout the year, supporting managers to effectively assess and monitor performance regularly whilst building development plans and focusing investment into employee development;
- › building a globally aligned onboarding and induction process to actively manage probationary periods and measure performance in early months with the team; and
- › encouraging more transparent and personal access to the People team for all employees.

We have also reviewed our compensation programme as part of our action plan, reviewing all roles across Europe to create internal equity and to position individuals comparatively to their peers across HQ offices. A review of benefits resulted in additional days of annual leave being allocated to support mandated office closures and an increase in employer led pension contributions. Our next employee engagement survey launches in October 2024.

## Code of Conduct

Mercy Corps' Code of Conduct policy framework applies agency-wide to Board, management, and team members, as well as Partners. Mercy Corps has twelve Code of Conduct policies comprising:

- › Global Code of Ethics;
- › Sexual Misconduct Policy;
- › Child Safeguarding Policy;
- › Prevention of Sexual Exploitation and Abuse of Programme Participants and Community Members Policy;

- › Safeguarding Core Standards Policy;
- › Speak Out! Policy;
- › Ethics Complaints and Whistleblower Policy;
- › Anti-Human Trafficking and Exploitation Policy;
- › Discrimination, Harassment and Bullying Policy;
- › Anti-Fraud and Corruption Policy;
- › Conflict of Interest Policy; and
- › Preventing Support for and Transactions with Prohibited Parties Policy.

All policies are available to all staff in Arabic, English, French and Spanish through our Mercy Corps' digital library. Mercy Corps' approach to Ethics and Code of Conduct policies are also publicly available on our website: <https://netherlands.mercycorps.org/who-we-are/ethics-policies>

The Code of Conduct policies clearly identify the types of prohibited conduct and state that staff must refrain from any acts of misconduct and include the consequences of engaging in conduct that breaches the Code of Conduct policies. Mercy Corps has a zero-tolerance approach for abuse, harassment or exploitation and is committed to ensuring physical and psychological safety within our teams and our programmes.

Mercy Corps internal documents contain commitments to ensure equal treatment and non-discrimination based on race, gender, age, religion, sexuality, culture, or disability. Refer to the Discrimination, Harassment & Bullying Policy which confirms the commitment to a work environment in which everyone is treated with respect and dignity, and which is diverse and inclusive and where working relationships are based on and built around mutual respect, and are free of bias, prejudice, and harassment. The Policy applies globally.

Our Code of Conduct and efforts to strengthen our organisational culture are key parts of Mercy Corps' commitment to Safety, Diversity, and Inclusion (SDI) in our operations and programmes. Ensuring safety, diversity, and inclusion across Mercy Corps' global operations and programmes is critical for contributing to resilient and inclusive communities. Mercy Corps believes that it is essential that we model the change we want to see in communities worldwide, and that each Mercy Corps team member plays a role in upholding Mercy Corps' commitment to SDI. Mercy Corps has numerous tools and resources to support these commitments, including Gender, Diversity and Inclusion (GDI) Diagnostic Process.

Mercy Corps' SDI commitment affects all of our global team members and all aspects of our organisation and work. Our Safeguarding, Safety and Security, People, Gender, Diversity, and Inclusion, Social Inclusion, Community Accountability, and Localisation teams are responsible for equipping our global team members with the knowledge, standards, and practices to be safer, more diverse, and inclusive in our operations and programs. These teams also help the organisation track progress towards this commitment. Leaders across Mercy Corps are accountable for prioritising and modelling SDI. All team members are responsible for embracing SDI knowledge, practices, and behaviours to bring this commitment to life.

## Core Behaviours

The Core Behaviours are specific actions and behaviours that all team members, at all levels of the organisation, must demonstrate to realise our values and our shared vision of more inclusive and resilient teams and communities.

- › **Cultivate Inclusion:** We are at our best when we bring the full diversity of our identities, experiences, and perspectives together to tackle the world's most complex challenges.
- › **Collaborate:** We believe in showing up for ourselves and our team members each day with collaboration and mutual respect.
- › **Act with Integrity:** We hold ourselves and each other accountable to our values and ethical principles.
- › **Be Curious:** We embrace the knowledge and experience of the people with whom we work, using these perspectives to reflect, learn, grow, and adapt.

These Core Behaviours were created with significant input from across the organisation to establish a common value set from our Pathway to Possibility, Organisational Priorities, Code of Ethics, Localisation Strategy, and Inclusion Framework.

## Remuneration

Mercy Corps Europe promotes a workplace that emphasises employee wellbeing, holistically supported through a comprehensive benefit package that helps team members care for themselves and their families.

Mercy Corps Europe's compensation package continued to be reviewed this year to assess internal equity across our European locations. Our compensation package – competitive pay and comprehensive benefits – is designed to both attract and retain high-calibre, diverse, high-performing individuals at all levels. Mercy Corps Europe evaluates external market data and internal organisational context on a regular basis to ensure that our compensation packages are competitive, equitable and represent responsible stewardship of organisational resources. Mercy Corps Europe maintains a banded pay structure that has been established with input by third-party compensation consultants, which reflects differences in the employment markets of our office locations and respects the level of responsibility for each team member. We have invested £720,000 in salaries to position us more competitively in our geographic markets, we have updated multiple position descriptions and introduced resources to support more proactive discussions to equitably position individuals within their respective salary bands.

Moving forwards, a more regular approach to reviewing compensation will be completed every two years to maintain our competitiveness with the external market. Additionally, team members can expect annual pay increases based on their individual performance, dependent upon the availability of funds, and informed by the current and following year's financial position.

Mercy Corps Europe's benefit package includes family friendly and flexible working approaches that assist team members in finding meaningful work-life balance, team member care support, pension scheme and a complementary healthcare programme. In the next financial year, we will complete a full review of our benefits to ensure key benefits are enhanced as part of our commitment to support our employees and become an employer of choice within the sector. We continue to support a hybrid working environment, supporting staff to work from home, as well as hosting in-person days to promote our culture, values and behaviours and build team spirit.

## Priorities for the next financial year

Mercy Corps Europe's Strategic Plan sets out our three-year objectives to deliver on the priorities of Mercy Corps global strategy, Pathway to Possibility (P2P), in Europe, aligning European priorities to our country strategies, and focusing teams on the delivery of Mercy Corps' mission.

We have agreed four goals for FY24-26:

- > **Goal 1:** New ideas and innovations are thriving in Mercy Corps due to financial stability and increased unrestricted income.
- > **Goal 2:** Mercy Corps is the 'Go-To' partner for European Stakeholders delivering climate resilience programming in fragile places.
- > **Goal 3:** We have a healthy and happy workplace full of creativity, experience and positive energy which is mission driven.
- > **Goal 4:** Our country and regional programming are thriving with funding aligned to P2P and country strategies with efficient and clear support structures in place.

We aim to strengthen our partnerships, increase our brand visibility in Europe and build our reputation as an organisation supporting communities to cope, adapt and thrive in countries impacted by conflict and climate. We will undertake deep engagement with European donors and policy makers, ensuring our research and learning is widely shared with them to inform future policy and practice, as well as learning from the sector more widely too. We will continue to support our country and regional teams to thrive, delivering quality, impactful programming with access to funding aligned to their country strategies.

Our programming will seek to incorporate climate sensitive approaches, as well as ensure we are working with and through partners where possible as a first priority. We will continue to strengthen our financial systems to ensure greater efficiency and effectiveness in how we deliver our programming, as well as establishing a strong data and evidence base to strengthen our ability to evaluate our reach and impact.

Mercy Corps Europe remains committed to increasing diversity and supporting inclusion at all levels within the organisation and will continue to set targets which encourage us to stretch ourselves to improve diversity, and support equity and inclusion.

We will also continue to improve our systems, benefits, policies and procedures to support our people, ensure the recruitment and retention of highly skilled talent within Europe and build our culture which aligns with our values and behaviours. Investments this year will include building out a European Marketing Function led by a Director of Marketing for Europe from March 2025, strengthening our team for engaging with corporate donors and foundations in Europe, and continued expansion of our engagement with European governments.

## Financial Review

Mercy Corps Europe funding portfolio is primarily made up of government awards from ministries, major institutions and fundraising activities. During the year, whilst income continued to grow, the Net assets decreased to £15.9m (FY 2023: £20.2m). There are a variety of factors for this, but primarily this is due to rising staffing costs £32.5m in the current year (FY 2023: £30.5m). This increase in staff costs is partly explained by increased income generation, but also an increase in average headcount of 25 year-on-year. Additionally, the group incurred a foreign currency loss in the current year of £1.5m (FY 2023: £1.6m gain).

### Income

This year was a strong year for revenue growth at Mercy Corps Europe. Our total income for FY 2024 ended at £116.5m (FY 2023 £108.4m), up by £8.1m which represents a 7.5% increase year-on-year (like-for-like excluding foreign exchange losses of £1.5m in FY 2024 and gain of £1.6m in FY 2023). Included in the total income is £115.2m (FY 2023: £107.2m) charitable income, all restricted to international programmes. This was £5.1m ahead of budgeted income for FY24.

The FCDO continues to be our largest donor (28.4% of total programme income (FY23 30.7%). This was in large part due to a single grant of £16.5m for programming in Ukraine to respond to the conflict. We continue to pursue our strategy of diversifying funding sources with our other key donors: European Commission, Swedish International Development Cooperation agency (SIDA), AFD and French Embassy, SDC and corporate foundation and trusts. Mercy Corps Europe continues to maintain strong partnerships with other European partners to reduce the dependency across the three main donors (FCDO, EC and ECHO – contributing 43.8% of programme income in the year (FY 2023: 40.6%).

The Charity unrestricted voluntary donations decreased to £545,000 (FY 2023: £680k), restricted donations also decreased to £217,000 (FY 2024: £448,000), this is in part due to decreased individual donations for specific causes such as Ukraine. Full detail on sources of income by charitable activity and donors are provided in note 2 in the accounts.

### Charitable Expenditure

Our total expenditure was £118.4m, up by £8.7m, or 8% on the previous year. This expenditure was largely used to support programming to 36 countries around the world. This was £7m ahead of the budgeted expenditure in FY24.

The majority of funds went to programming in Ukraine and Poland to support the continued displacement of families from Ukraine to neighbouring countries as a result of the Russian invasion, providing cash and support. In Africa, Mercy Corps Europe was active in 15 countries, most notably the Democratic Republic of Congo (DRC), Nigeria, Kenya, Mali, Ethiopia, South Sudan and Sudan supporting communities with food security, water and sanitation, conflict management and economic development activities, as well as responding to natural disasters, displacement and disease outbreaks. In the Middle East, Mercy Corps Europe increased its direct cash distributions to vulnerable households in the Occupied Palestinian Territory and continued to provide life-saving assistance inside Syria and to Syrian refugees in Lebanon, Jordan and Iraq. Additionally, our work in Asia continued to expand, meeting the needs of vulnerable communities in Afghanistan, Nepal and Myanmar, all of which continue to suffer from significant upheaval in the past year.



Indirect cost recovery practice is consistent with last financial year and is in accordance with the statement of recommended practice for charities' accounting and reporting. It includes the costs of general administration and management. Excluding expenditure of raising funds, the costs incurred have been attributed completely to the charitable activities which they support. Total support costs across the group have increased to £8.5m (FY 2023: £7m) as we see increased overall prices on goods and services, and investment in the organisation to support our growth strategy.

## Financial Risk and Cash

Cash flow risk is managed by continuously monitoring the cash flow sensitivity resulting from timely delivery of international programmes and timely recognition of unrestricted income. We monitor our global risks closely with oversight by the global Enterprise Risk Management Committee and the Boards' Audit and Risk Committee. In addition, Mercy Corps Europe has an entity-specific risk management framework and accompanying Corporate Risk Register. Significant risks are categorised as external, strategic, financial and operational. These are managed through effective collaborations taking a risk-based approach to mitigate them with regular updates to the Board. Exposure to foreign exchange is managed by matching currencies. Such risks arising from funding in GBP, Euros or US dollars is managed by holding restricted donor funds in that currency until transferred or settled to the relevant country operation.

Mercy Corps Europe and Mercy Corps Netherlands hold cash in current and deposit accounts with NatWest Bank, Barclays, Rabobank and Bank of Scotland. Cash is held in donor currencies and the equivalent GBP holdings stand at £65.5m (FY 2023: £48.5m). Our restricted cash balance is reflective of advances from donors ahead of expenditures, often across multiyear programmatic activity. Mercy Corps Global advances cash for Mercy Corps Europe donor funded programmes and is then subsequently reimbursed by Mercy Corps Europe after the programmatic expenditures for the advances are accounted and reconciled. The Mercy Corps Global intercompany balance (see note 11) was £25.1m (FY 2023: £18m).

The monies due from donors stand at £19.6m (FY 2023: £22.3m). A growing number of high value Mercy Corps Europe grants are from government organisations who apply retention payments until satisfactory evidence of financial and programmatic delivery, reporting and acceptance. This can take up to 180 days to clear.

At Mercy Corps, we could not fulfil our mission without the support of generous and committed donors. We employ a diverse range of approaches to raise funds that support our work. This includes working with foundations and major donors, engaging corporate supporters and securing support and donations from individuals both online and offline, including through social media platforms. Mercy Corps Europe does not currently employ any professional third-party agencies or individuals to fundraise on its behalf.

## Fundraising Statement

As a responsible organisation, we adhere to all applicable legal and regulatory requirements governing fundraising activities, ensuring transparency, integrity, and accountability in our efforts to generate financial support. We take our responsibility to monitor fundraising activities seriously. We ensure that all fundraisers adhere to the highest standards of ethical practice. This includes regular reviews and assessments of performance and adherence to regulatory and internal guidelines.

During the financial year July 2023 – June 2024, we conducted all fundraising activities in full compliance with the following regulations and standards:

- › **Fundraising Standards:** Mercy Corps is proud to be a member of the Chartered Institute of Fundraising and adheres strictly to the Code of Fundraising Practice, the Fundraising Promise, and the Fundraising Preference Service, ensuring ethical fundraising, respectful engagement with donors, and transparency in the use of funds raised. Our fundraising practices are overseen by the Scottish Fundraising Standards Panel.
- › **Data Protection Legislation:** In compliance with the General Data Protection Regulation (GDPR), the Privacy and Electronic Communications Regulations (PECR), and the Data Protection Act 2018, we protect the privacy and personal data of our donors and supporters. We ensure that our communications and fundraising activities comply with all relevant data protection laws.
- › **Charity Law Compliance:** We are regulated by the Office of the Scottish Charity Regulator (OSCR), which ensures our accountability and compliance with Scottish charity law. Our charitable activities comply with the Charities and Trustee Investment (Scotland) Act 2005 as well as and the Charities (Protection and Social Investment) Act 2016.
- › **Anti-Fraud and Anti-Money Laundering Legislation:** We have robust internal controls and risk management processes in place to prevent, detect, and report fraudulent or illegal fundraising activities.
- › **Trustees' Oversight:** The Board of Trustees regularly reviews and monitors fundraising activities to ensure that they align with our ethical values and are conducted in the best interest of our mission and supporters, as mandated by Scottish charity law.
- › **Whistleblowing Policy:** We maintain an Ethics Complaints and Whistleblowing Policy that enables staff, volunteers, or individuals representing Mercy Corps to confidentially raise any concerns about our organisation, including fundraising activities. This policy ensures accountability and fosters a culture of openness.
- › **Donor Engagement and Consent:** We respect the preferences and consent of our donors in all communications and fundraising practices, ensuring they are fully informed and engaged with our cause on their own terms.
- › **Gift Acceptance Policy:** We are committed to making decisions that are in the best interests of Mercy Corps and our partners. Our Gift Acceptance Policy ensures that we do not compromise our mission and values when it comes to raising income.
- › **Due Diligence for Corporate and Foundation Partners:** We take great care in establishing partnerships with corporate and foundation supporters. Before entering any new partnerships, we conduct robust due diligence to ensure alignment with our values and mission. This process includes reviewing the ethical standing, track record, and long-term sustainability of potential partners. By doing so, we ensure that our collaborations uphold the highest standards of integrity and transparency

## Fundraising Complaints

In the last year, we received one fundraising complaint, relating to the e-news content. All complaints are thoroughly investigated, and swift corrective action is taken when necessary. We are committed to improving our practices continuously and ensuring that all our supporters feel respected and valued.

## Protecting Vulnerable People

We are committed to ensuring that no vulnerable individuals are subject to undue pressure or inappropriate solicitation. In line with the Code of Fundraising Practice, which sets the standards for fundraising across the UK, we adhere to its guidance on identifying and protecting vulnerable people. This includes ensuring that fundraisers are aware of best practices and that all interactions with potential donors are conducted with care and respect.

## Reserves and Reserves Policy

Financial and cash flow risk mitigation is further provided by the annual budgeting process along with annual review of the reserve policy and the setting of our core operating costs.

The charity has best practices in place to manage its reserves and aims to hold reserves against the risk of unexpected losses and to help ensure the prudent financial management of the organisation and to mitigate any other unanticipated financial risks. Our total reserves stand at £15.9m (FY 2023: £20.2m), with the restricted reserve amount at £2.0m (FY 2023: £3.2m), unrestricted reserves at £12.0m (FY2023: £13.6m) and designated reserves at £1.9m (FY2023: £3.4m). The designated reserve relates to in part to foreign currency fluctuations £1.5m (FY2023: £2.9m), which will be utilised as and when foreign currency translation transactions occur, as well the European Platform reserve £0.5m (FY2023: £0.5m), which is designated for used for strategic purposes as and when identified by the board.

Unrestricted reserves are free from any restriction applied by the donor. These are the general funds of the charity that enable it to meet its objectives. The trustees define free reserves as being total funds less the restricted funds and any designated funds and the value tied up in tangible fixed assets. The Trustees have examined the requirement for free reserves. In arriving at a target figure, they have considered the following points:

- > The nature of our work and the vulnerability of grants, contracts, and donation funding flows;
- > Quick response to emergencies where immediate mobilisation of funds is needed;
- > Adequate working capital to meet cash flow needs;
- > Cover for potential long-term commitments relating to staff and leases;
- > Funders' viability criteria and other financial risks.

The Trustees aim to maintain a target of free funds representing at least 6 months' operating expenditure (£6.5m), achieved with our general unrestricted reserves and excluding funds utilised for fixed assets. The free reserves of £12.1m (FY 2023: £13.4m) represents 12 months (FY 2023: 18 months) of core operating expenditure. The excess reserves held at 30 June 2024 will be applied to help fund shortfalls in projects to meet the strategic goals of the organisation, as well as be used to meet any unforeseen changes in the political landscape in Europe as well as abroad that could impact assumptions made in funding opportunities. This is monitored and appropriate actions planned should operating cash flow falls short of the target level.

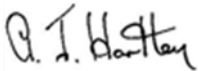
The aim is to hold free reserves sufficient to protect Mercy Corps Europe against unexpected loss of income, any unanticipated financial risks and provide for investment in the longer-term sustainability of the organisation. The Trustees are mindful of the shifting landscape, impact on global inflation and the UK Overseas Development Assistance (ODA) funding reduction in our sector. Consequently, the Trustees wish to adopt the prudent approach to reserves set out herewith and remain as a going concern knowing the stronger position to cover for uncertainties presented in this annual report going into FY25.

## Outlook and Going Concern

We have prepared our budget for FY25 expecting growth in income linked to higher level of indirect cost recovery (ICR) on projects and moderate revenue growth in donations and increase in expenditure linked to programme support costs from Mercy Corps Global, investment for donor diversification and salary scale realignments. Otherwise due to the FY 2024 results and future outlook, we have taken a prudent approach with other discretionary spending, such as international travel. We continue to monitor developments and respond accordingly, using our best judgements when information may not be perfect. The cash flow forecast, representing 12 months from the approval of these financial statements considers only the downside impact on its operations and financial resources anticipated above with general reserves providing operating cover at 12 months. This stress test represents what management believes to be the worst-case scenario. These scenarios consider all plausible situations that could occur as part of the charity's operations, and the models showed no potential situations where the charity could not meet their obligations when they become due. The MOU in place with Mercy Corps Global, and the fund advance process where Mercy Corps Global funds the field and is reimbursed by Mercy Corps Europe when donor funds are available, removes the exposure and risk for cashflow implications and impact on Going Concern.

We have guidance and governance structures in place to control operations and the European Senior Leadership Team are continually proactively reviewing, revising and adapting in line with the changing scenarios. Communication with our Board is frequent, full and timely. Considering the cash position and future operating cash scenarios, the Group and Charity will have sufficient funds to meet its liabilities as they fall due, and we have prepared these financial statements on a going concern basis.

The Trustees Annual Report and Strategic Report were approved by the Board of Directors on and signed on their behalf by:



Alan Hartley,

Trustee

Mercy Corps Europe

Date: 8 November, 2024

# Independent Auditor's Report to Trustees and Members of Mercy Corps Europe

## Opinion

We have audited the financial statements of Mercy Corps Europe (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 June 2024, which comprise the Consolidated Statement of Financial Activities and the Income and Expenditure Account, the Charity Statement of Financial Activities and the Income and Expenditure Account, the Consolidated and Charity Balance Sheet, the Statement of Cash Flows and Consolidated Statement of Cash Flows, 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 group's and parent charitable company's affairs as at 30 June 2024 and of its incoming resources and application of resources including, the group's and the parent income and expenditure for the year then ended;
- › have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; and
- › have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent charitable company's or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required



to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the parent charitable company or group to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the parent charitable company's or group's business model including effects arising from macro-economic uncertainties such as inflationary increases and foreign exchange risk, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

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 group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Annual 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.

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 themselves. 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.

## **Opinion 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 Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- › the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

## **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- › proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- › the 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.

## **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 35, 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 group and the parent 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 group or parent 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- › The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; the 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 (effective 1 January 2019) ('Charities SORP (FRS 102)'), Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Companies Act 2006 and tax legislation.
- › We understood how Mercy Corps Europe is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- › We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgments made by management in its significant accounting policies;
  - Identifying and testing journal entries;
  - Identifying and testing related party transactions;
  - Sampling income which is not directly matched to project expenditure to assess whether income has been recognised appropriately;
  - Inspecting the board minutes; and
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- › These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- › The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of the industry in which the group operates, and
  - Understanding of the legal and regulatory requirements specific to the group including the provisions of the applicable legislation.
- › The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition, in particular the risk that income which is not directly matched to project expenditure is incorrectly recognised and the risk that Group management may be in a position to make inappropriate accounting entries.
- › We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- › In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - The group's control environment, including
    - Management's knowledge of relevant laws and regulations and how the group is complying with those laws and regulations
    - The adequacy of procedures for authorisation of transactions and review of management accounts, and
    - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

We communicated via Group audit instructions to component auditors that they communicate on a timely basis significant matters or findings and any other matters that they believe, based on their professional judgment, may be relevant to the audit of the Group financial statements, including identified or suspected fraud. We also require that component auditors confirm if they identify, or otherwise become aware of, fraud or suspected fraud involving Component management, employees who have significant roles in internal control at the Component, or others where the fraud resulted or may result in a material misstatement of the Component Financial Information.

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.

## Use of our report

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006, Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

  
EE31BC7A6CB14DC...

**Stephen Dean, BA(Hons) FCA DChA**

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
8 November 2024  
Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



# Financial Statements

## Consolidated Statement of Financial Activities and Income and Expenditure Account for the year ended 30 June 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Unrestricted Funds £	Restricted Funds £	Total 2023 £
<b>INCOME</b>							
Donations and Legacies	2	545,459	216,886	<b>762,345</b>	680,455	447,750	1,128,205
Bank interest		417,465	-	<b>417,465</b>	49,701	-	49,701
Other income		26,848	-	<b>26,848</b>	15,154	3,905	19,059
<b>Income from Charitable activities</b>							
Civil Society, Education and Conflict Management	2	3,657,156	18,720,405	<b>22,377,561</b>	6,658,953	21,810,041	28,468,994
Economic Development	2	4,083,325	27,572,735	<b>31,656,060</b>	4,182,808	31,113,179	35,295,987
Public Health, Water and Environment	2	1,776,742	13,468,391	<b>15,245,133</b>	1,756,247	15,155,199	16,911,446
Disaster Risk Reduction and Emergency Response	2	2,441,668	43,547,066	<b>45,988,734</b>	1,474,750	25,079,782	26,554,532
(Loss) / Gain on Exchange		(1,445,697)	(8,421)	<b>(1,454,118)</b>	1,590,078	257	1,590,335
<b>Total income</b>		<b>11,502,966</b>	<b>103,517,062</b>	<b>115,020,028</b>	<b>16,408,146</b>	<b>93,610,113</b>	<b>110,018,259</b>
<b>EXPENDITURE</b>							
Expenditure on Raising Funds	5	903,556	-	<b>903,556</b>	519,577	-	519,577
<b>Expenditure on Charitable activities</b>							
Civil Society, Education and Conflict Management	4	3,613,792	18,759,287	<b>22,373,079</b>	7,014,975	21,885,589	28,900,564
Economic Development	4	4,875,437	27,510,362	<b>32,385,799</b>	4,329,365	31,299,650	35,629,015
Public Health, Water and Environment	4	1,887,576	13,454,880	<b>15,342,456</b>	1,757,903	15,283,263	17,041,166
Disaster Risk Reduction and Emergency Response	4	3,264,934	45,042,920	<b>48,307,854</b>	1,708,013	26,468,259	28,176,272
<b>Total expenditure</b>		<b>14,545,295</b>	<b>104,767,449</b>	<b>119,312,744</b>	<b>15,329,833</b>	<b>94,936,761</b>	<b>110,266,594</b>
<b>Net (expenditure)/income before transfers</b>		<b>(3,042,329)</b>	<b>(1,250,387)</b>	<b>(4,292,716)</b>	<b>1,078,313</b>	<b>(1,326,648)</b>	<b>(248,335)</b>
Transfers between Funds	13,14	(21,499)	21,499	-	(102,376)	102,376	-
<b>Net movement in funds</b>		<b>(3,063,828)</b>	<b>(1,228,888)</b>	<b>(4,292,716)</b>	<b>975,937</b>	<b>(1,224,272)</b>	<b>(248,335)</b>
<b>Balances brought forward</b>		<b>16,969,567</b>	<b>3,225,577</b>	<b>20,195,144</b>	<b>15,993,630</b>	<b>4,449,849</b>	<b>20,443,479</b>
<b>Balances carried forward</b>		<b>13,905,739</b>	<b>1,996,689</b>	<b>15,902,428</b>	<b>16,969,567</b>	<b>3,225,577</b>	<b>20,195,144</b>

# Charity Statement of Financial Activities and Income and Expenditure Account for the year ended 30 June 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Unrestricted Funds £	Restricted Funds £	Total 2023 £
<b>INCOME</b>							
Donations and Legacies	2	522,163	216,886	<b>739,049</b>	680,455	190,266	870,721
Bank interest		336,880	-	<b>336,880</b>	47,810	-	47,810
Other income		69,481	-	<b>69,481</b>	15,155	3,905	19,060
<b>Income from Charitable activities</b>							
Civil Society, Education and Conflict Management	2	3,248,875	12,417,730	<b>15,666,605</b>	6,311,815	16,705,948	23,017,763
Economic Development	2	3,663,214	22,454,154	<b>26,117,368</b>	3,813,150	25,950,213	29,763,363
Public Health, Water and Environment	2	1,470,719	7,342,981	<b>8,813,700</b>	1,437,232	10,950,880	12,388,112
Disaster Risk Reduction and Emergency Response	2	1,949,887	32,279,739	<b>34,229,626</b>	1,187,617	23,723,239	24,910,856
(Loss) / Gain on Exchange		(1,326,350)	-	<b>(1,326,350)</b>	1,395,377	-	1,395,377
<b>Total income</b>		<b>9,934,869</b>	<b>74,711,490</b>	<b>84,646,359</b>	<b>14,888,611</b>	<b>77,524,451</b>	<b>92,413,062</b>
<b>EXPENDITURE</b>							
Expenditure on Raising Funds	5	848,859	-	<b>848,859</b>	493,493	-	493,493
Donation to related entity		-	-	-	884,276	-	884,276
<b>Expenditure on Charitable activities</b>							
Civil Society, Education and Conflict Management	4	3,235,623	12,456,613	<b>15,692,236</b>	6,589,067	16,781,496	23,370,563
Economic Development	4	4,547,436	22,391,614	<b>26,939,050</b>	3,818,277	26,136,683	29,954,960
Public Health, Water and Environment	4	1,520,044	7,329,470	<b>8,849,514</b>	1,321,693	11,078,944	12,400,637
Disaster Risk Reduction and Emergency Response	4	2,523,910	32,692,795	<b>35,216,705</b>	1,531,309	23,828,654	25,359,963
<b>Total expenditure</b>		<b>12,675,872</b>	<b>74,870,492</b>	<b>87,546,364</b>	<b>14,638,115</b>	<b>77,825,777</b>	<b>92,463,892</b>
<b>Net (expenditure)/income before transfers</b>		<b>(2,741,003)</b>	<b>(159,002)</b>	<b>(2,900,005)</b>	<b>250,496</b>	<b>(301,326)</b>	<b>(50,830)</b>
Transfers between Funds	13,14	(21,499)	21,499	-	(102,376)	102,376	-
<b>Net movement in funds</b>		<b>(2,762,502)</b>	<b>(137,503)</b>	<b>(2,900,005)</b>	<b>148,120</b>	<b>(198,950)</b>	<b>(50,830)</b>
<b>Balances brought forward</b>		<b>15,438,823</b>	<b>1,494,898</b>	<b>16,933,721</b>	<b>15,290,703</b>	<b>1,693,848</b>	<b>16,984,551</b>
<b>Balances carried forward</b>		<b>12,676,321</b>	<b>1,357,395</b>	<b>14,033,716</b>	<b>15,438,823</b>	<b>1,494,898</b>	<b>16,933,721</b>

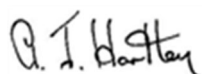
The charity has no recognised gains and losses other than the results for the year as set out above. All of the activities of the charity are classed as continuing. The notes on pages 43 to 66 form part of these financial statements.

## Consolidated and Charity Balance Sheets as at 30 June 2024

	Note	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>Fixed assets</b>					
Tangible assets	8	176,572	176,572	213,959	213,959
<b>Current assets</b>					
Debtors	9	24,436,531	17,447,313	27,102,166	19,344,534
Cash at bank and in hand	10	65,512,369	31,879,865	48,483,066	31,816,288
		89,948,900	49,327,178	75,585,232	51,160,822
Creditors: amounts falling due within one year	11	(74,223,044)	(35,470,034)	(55,604,047)	(34,441,060)
Net current assets		15,725,856	13,857,144	19,981,185	16,719,762
Net assets		15,902,428	14,033,716	20,195,144	16,933,721
<b>Funds</b>					
Restricted	14	1,996,689	1,357,395	3,225,577	1,494,898
Unrestricted - designated	13	1,937,735	1,475,368	3,383,432	2,801,718
Unrestricted - general	13	11,968,004	11,200,953	13,586,135	12,637,105
Total		15,902,428	14,033,716	20,195,144	16,933,721

The notes on pages 43 to 66 form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 November 2024 and signed on their behalf by:



Alan Hartley

Trustee

Mercy Corps Europe

Date: 8 November, 2024

## Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ended 30 June 2024

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>Cash flows from operating activities</b>				
Net expenditure	(4,292,710)	(2,900,005)	(248,335)	(50,830)
Income from bank interest	417,465	336,880	49,701	47,810
Depreciation	46,368	46,368	43,394	43,394
Decrease/(increase) in debtors	2,665,635	1,897,221	(6,532,082)	(666,037)
Increase/(decrease) in creditors	18,618,991	1,028,974	5,396,142	(8,992,451)
<b>Cash provided by/ (used in) operating activities</b>	<b>17,455,749</b>	<b>409,438</b>	<b>(1,291,180)</b>	<b>(9,618,114)</b>
<b>Cash flows from investing activities</b>				
Bank interest (received)	(417,465)	(336,880)	(49,701)	(47,810)
Purchase of fixed assets	(8,981)	(8,981)	(10,477)	(10,477)
<b>Cash (used in) investing activities</b>	<b>(426,446)</b>	<b>(345,861)</b>	<b>(60,178)</b>	<b>(58,287)</b>
<b>Increase / (decrease) in cash and cash equivalents at the end of the year</b>	<b>17,029,303</b>	<b>63,577</b>	<b>(1,351,358)</b>	<b>(9,676,401)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>48,483,066</b>	<b>31,816,288</b>	<b>49,834,424</b>	<b>41,492,689</b>
<b>Total cash and cash equivalents at the end of the year</b>	<b>65,512,369</b>	<b>31,879,865</b>	<b>48,483,066</b>	<b>31,816,288</b>
<b>Cash and cash equivalents comprise:</b>				
Cash in hand	235	235	373	373
Bank accounts	65,512,134	31,879,630	48,482,693	31,815,915
<b>Total</b>	<b>65,512,369</b>	<b>31,879,865</b>	<b>48,483,066</b>	<b>31,816,288</b>

The notes on pages 43 to 66 form part of these financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

Mercy Corps Europe is a company limited by guarantee incorporated in Scotland, United Kingdom. The registered office is 96/3 Commercial Street, Edinburgh, EH6 6LX and company number is SC208829.

The charity is a "Public Benefit Entity".

### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2015) and in accordance with Financial Reporting Standard 102 (FRS 102). The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. These consider new funding due to continued aid alignment with UK foreign policy and the growing diversification of our donor portfolio with Swedish, French, Swiss and Dutch governments, including corporate foundations and trusts, and results in upsides, offsetting any further reduction with UK government. These scenarios consider all plausible situations that could occur as part of the charity's operations and, based on that assessment, the Group and Charity are considered to have sufficient funds to meet its liabilities as they fall due for that period.

The cashflow forecast considered inflationary increases across people costs, utilities and external services to our base case and scenarios involving the movements above (overall net decrease in revenue to budget) and an increase in expenditure run rate beyond the budget period (Jul-Nov). The forecasts were also subject to stress-tests where unrestricted project income declined by a further 20% and costs remained consistent. A 20% reduction has been considered as the worst-case possible downside scenario based on our experience of activities on government grants.

Our exposure to foreign exchange risk is managed by matching currencies. FX arising from funding in GBP, Euros or US dollars is managed by holding restricted donor funds in that currency until settled to the relevant country programme activity. The MOU in place with Mercy Corps Global, and the fund advance process where Mercy Corps Global funds the field and is reimbursed by Mercy Corps Europe when donor funds are available, removes the exposure and risk for cashflow implications and impact on Going Concern.

The Directors also considered where restricted income ceased, and its subsequent impact on the activities of the Charity. Owing to the nature of this restricted income, any cessation or reduction would be matched by an equal reduction in project expenditure, resulting in no impact on the financial position of the Charity during the normal course of business.

Consequently, the Directors are confident that the Group and Charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. The



organisation's position is further strengthened by the relationship and support available from Mercy Corps Global.

### **Fund accounting**

The general fund is an unrestricted fund which is available for use, at the discretion of the directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the directors for particular purposes. There are two designated funds:

- > a foreign exchange fund used to offset future foreign exchange losses.
- > a fund to support the development of the European platform.

Restricted funds are funds to be used in accordance with specific restrictions imposed by donors.

### **Income**

Income is recognised in the period in which there is legal entitlement, any performance conditions attached to the income have been met, the amount can be quantified with reasonable accuracy and there is probability of receipt.

Income is shown within four main categories in the Statement of Financial Activities: donations and legacies, investment income, income from charitable activities and gains on exchange.

### **Restricted income**

Restricted income relates to funds received from sources which are subject to specific conditions imposed by the donor and binding on the company.

### **Revenue donations**

The charity receives donations in cash, which are recognised on receipt in the statement of financial activities and income and expenditure account. Donations in kind are recognised at the value of the gift to the charity, as agreed between the donors and the directors of Mercy Corps Europe.

### **Income from charitable activities**

This comprises grants and contracts which are recognised using the performance model. Funds are recognised as income from charitable activities once there is entitlement, reasonable probability of receipt and the amount can be measured with sufficient reliability. Many projects are funded on the basis of claims made for actual expenditure incurred and are subject to post-project operational and financial reports. There remains the possibility that certain expenditure may be disallowed, and all income may not be spent.

Where grant funding is received in advance of Mercy Corps Europe meeting any performance-related conditions, receipts are credited to deferred income until such times as those conditions have been met. The donors have the right to repayment of disallowed expenditure and/or unused funds. Consequently, such income remains deferred until used or repaid, rather than being treated as unspent funds.

### **Interest receivable**

Interest is recognised in the income and expenditure account and the statement of financial activities in the period in which it is receivable.

## Analysis of expenditure

Wherever possible, expenses are attributed to the expenditure on raising funds, or to the charitable activities directly. Where this is not possible, they are apportioned among the functions to which they relate on the basis of time allocation.

## Pensions

The company contributes to defined contribution pension schemes on behalf of employees. The assets of the schemes are held separately from those of the company. Contributions are charged to the income and expenditure account and the statement of financial activities in the period in which they are incurred.

## Leasing and hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the income and expenditure account and the statement of financial activities over the period of the lease. Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against the income and expenditure account and the statement of financial activities as incurred.

## Fixed assets

Fixed assets purchased directly by Mercy Corps Europe (MCE) with a cost exceeding £2,500 are included at cost. Donated fixed assets are included at fair market value having regard to the age and condition of the assets concerned. All assets financed by donor funding for specific projects are written off at the time of purchase through the statement of financial activities because in the majority of cases the projects are of limited duration and at the end of which the assets can be donated to the ongoing project. Therefore, such assets have not been incorporated in the balance sheet.

## Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives or lease terms. The rates used are as follows:

Item	Rate
Leasehold improvements - London	21% straight line
Leasehold improvements – Edinburgh	10% straight line
Equipment	25% straight line
Computers	33% straight line

## Overseas operations/Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date with all foreign currency transactions for the year being translated at the official EC monthly rate. The exchange difference resulting from the restatement of the opening reserves denominated in foreign currencies, as at 30 June 2022, has been taken to the related reserves.

All transfers between foreign currency bank accounts are reflected in the financial statements at the average monthly rates applicable. Exchange gains or losses are treated as unrestricted except where restricted by contract and taken to the statement of financial activities and income and expenditure account.

Foreign exchange gains and losses are taken to the Statement of Financial Activities in the year in which they arise.

### **Debtors**

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

### **Cash and cash equivalents**

Cash and Cash equivalents comprise cash at bank and monies held in short term deposits. Cash and cash equivalents are measured at fair value.

### **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 a 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.

### **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.

### **Taxation status**

The company is recognised by HM Revenue & Customs as a charity and accordingly is exempt from corporation tax on its charitable activities.

### **Value Added Tax (VAT)**

The company is registered for VAT, and reclaims VAT on a partial exemption basis. Accordingly all expenditure is stated inclusive of VAT, where applicable, net of any partial exemption realised.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

- › Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- › Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

## Group financial statements

The financial statements consolidate the results of the charity and its subsidiary Mercy Corps Netherlands on a line-by-line basis.

Mercy Corps Netherlands is an association having its corporate seat in the municipality of The Hague and offices at Fluwelen Burgwal 58, 2511 CJ Den Haag, Netherlands. Mercy Corps Netherlands is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe and Mercy Corps Netherlands is governed by a Governance Agreement and Memorandum of Understanding that also includes Mercy Corps Global and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. Mercy Corps Netherlands is an affiliated entity, Mercy Corps Europe has consolidated Mercy Corps Netherlands.

## 2. Income

### Donations and legacies - Group

	Group Unrestricted		Group Restricted		Totals	
	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
Donations in cash	545,459	680,455	216,886	447,750	762,345	1,128,205

### Donations and legacies - Charity

	Charity Unrestricted		Charity Restricted		Totals	
	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
Donations in cash	522,163	680,455	216,886	190,266	739,049	870,721

Restricted donations are held in the appropriate fund until they can be spent for the purposes for which they were given. Restricted donations vary from restricted grants in that the donor has placed restrictions on the nature of the spend, but not over the detailed expenditure itself.

During the year unconditional donations of £10,266 (2023: £878) were received from trustees.

### Income from charitable activities by Donor

	Donor	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
European Commission	European Commission	16,122,648	2,137,938	7,800,811	5,453,007
	ECHO	1,657,453	(43,700)	2,799,808	(150,130)
	<b>Total</b>	<b>17,780,101</b>	<b>2,094,238</b>	<b>10,600,619</b>	<b>5,302,877</b>
United Nations	UNMHAP	871,372	871,372	696,513	696,513
	<b>Total</b>	<b>871,372</b>	<b>871,372</b>	<b>696,513</b>	<b>696,513</b>
UK Government	British Council	51,593	51,593	347,720	347,720
	DFID	(59,243)	(59,243)	21,665	21,665
	FCDO	32,725,760	32,725,760	32,907,728	32,907,728

	Donor	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
	Scottish Government	32,344	32,344	149,155	149,155
	<b>Total</b>	<b>32,750,454</b>	<b>32,750,454</b>	<b>33,426,268</b>	<b>33,426,268</b>
<b>Non-UK Government</b>	French Government (AFD)	7,739,581	7,739,581	7,420,049	7,420,049
	GIZ	3,704,350	3,704,350	4,474,079	4,474,079
	Ministry of Foreign Affairs of UAE	17,986	17,986	(1,382)	(1,382)
	Dutch Ministry of Foreign Affairs	3,919,688	3,147,976	7,831	7,831
	Swedish International Development Agency (SIDA)	4,829,545	4,829,545	9,568,219	9,568,219
	Swiss Agency for Development and Cooperation (SDC)	8,316,295	8,316,295	3,100,414	3,100,414
	Belgian Development Agency	-	-	140,879	140,879
	ENABEL	(4,282)	(4,282)	-	-
	Regional Development Programme for LB, JO & IQ	-	-	551,773	551,773
	Austrian Development Agency	611,090	611,090	306,365	306,365
	Dutch Embassy	-	-	3,216,892	3,216,892
	French Embassy	4,218,751	4,218,751	69,651	69,651
	Jersey Overseas Aid Commission	508,048	508,048	576,170	576,170
	Kingdom of the Netherlands	-	-	65,246	-
	MOFA (France) Crisis & Support Centre	401,494	401,494	3,852,846	3,852,846
	<b>Total</b>	<b>34,262,546</b>	<b>33,490,834</b>	<b>33,349,032</b>	<b>33,283,786</b>
	<b>Foundations, Corporates &amp; CSOs</b>	AB World Foods	-	-	10,460
Acted		147,405	147,405	84,010	84,010
Action Aid		115,139	115,139	202,302	202,302
AGA Khan Foundation		(32)	(32)	-	-
Artemis		-	-	2,892	2,892
Asfari		13	13	-	-
Bayer Cares Foundation		262,589	-	518,967	-
Carbon Trust		1,039,757	919,607	237,116	237,116
CARE		4,148,600	4,023,269	5,912,834	5,048,502
Children's Investment Fund Foundation		279,749	279,749	213,822	213,822
Cooperazione Internazionale		173,419	-	151,958	-
Cowater Sogema International		692,465	692,465	640,860	640,860
Danish Refugee Council		8,059,749	4,050,173	8,086,313	4,526,292

Donor	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Diakonie Katastrophenhilfe DKH	(4,925)	(4,925)	-	-
Dubai Cares	-	-	164,182	-
East-West Seed	33,011	-	60,989	-
ELRHA	48,914	48,914	-	-
European Bank Reconstruction and Development	141,887	141,887	-	-
Evergreen Renewable Co Limited	-	-	12,003	12,003
Farm Africa	-	-	217,122	217,122
Financial Sector Deepening Zambia FSDZ	(8,079)	(8,079)	-	-
Frankfurt School	5,821	5,821	60,587	60,587
Global Partnership Alliance	-	-	921	921
Google	14,389	14,389	30,115	30,115
Groundfox	-	-	10,566	10,566
Grundfos	29,156	29,156	-	-
Heineken Africa Foundation	44,443	-	91,522	-
HIVOS	343,534	-	43,042	-
Hollyhock Charitable Foundation	76,771	76,771	-	-
IDH-Sustainable Trade Initiative	35,810	-	-	-
International Organisation for Migration	964,032	-	661,634	-
ICU	131,082	131,082	133,067	133,067
Ikea Foundation	-	-	25,453	-
IPE	-	-	14,983	14,983
IRC	2,163,463	1,263	1,801,967	-
Irish Aid	84,867	-	739	-
Italian Agency for Development Cooperation	486,973	-	249,885	-
KFW Development Bank	(3,863)	(3,863)	(4,385)	(4,385)
The Life and Peace Institute	17,917	-	-	-
Lloyds of London	-	-	24,629	24,629
Local Governments for Sustainability – Oceania	-	-	17,254	17,254
Multiconsult Norge	11,609	11,609	152,032	152,032
Neste OYJ	16,616	16,616	-	-
The Netherlands Enterprise Agency (RVO)	31,428	-	35,526	-
Netherlands Water Partnership	-	-	(1,062)	-



Donor	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Norwegian Refugee Council	2,305,182	(22)	1,879,765	40,031
Oxfam	-	-	371,399	-
OVO Foundation	114,856	114,856	8,351	8,351
Palladium International	753,492	753,492	1,433,765	1,433,765
PATRIP Foundation	1,148,933	1,148,933	1,377,808	1,377,808
Peace Support Fund	(8)	(8)	7,125	7,125
People Power	10,694	10,694	18,092	18,092
Pesitho Holdings	-	-	45,941	45,941
Play International	116,299	116,299	65,871	65,871
Premiere Urgence Internationale-PUI	573,538	573,538	-	-
Private	9,166	9166	186	186
Save The Children	(10)	(10)	-	-
Savitari Trust	-	-	10,000	10,000
Shell	2,590,264	-	976,506	-
Silatech	(4,275)	(4,275)	-	-
Small Foundation	84,909	84,909	-	-
SNV Netherlands Development Org	510,451	318,585	563,397	488,429
Somalia Stability Fund	-	-	-	-
Solidarites International	-	-	157,045	-
Soneva	105,563	105,563	80,863	80,863
SORO Yirwaso	(5,808)	(5,808)	-	-
SPARK	-	-	57,301	-
Start Network	121,959	121,959	121,534	121,534
Stichting Wageningen Research	-	-	81,769	-
Swedish Postcode Lottery	-	-	1,005	1,005
Swiss Contact	-	-	82,421	82,421
Twinings	94,383	94,383	123,024	123,024
Unilever	-	-	7,452	7,452
Vitol	196,154	196,154	103,633	103,633
VSF International	-	-	(13,401)	(13,401)
Welthungerhilfe	37,139	37,139	-	-
Women Deliver	3,025	3,025	19,578	19,578
Women for Women	-	-	(772)	(772)
Worldfish	(3)	(3)	(430)	(430)
Zurich	1,253,403	1,253,403	1,734,053	1,734,053
<b>Total</b>	<b>29,603,015</b>	<b>15,620,401</b>	<b>29,177,586</b>	<b>17,389,709</b>
<b>Total</b>	<b>115,267,488</b>	<b>84,827,299</b>	<b>107,250,018</b>	<b>90,099,153</b>

## Income from charitable activities by Operating Region

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Americas	791,354	94,383	887,280	(20,523)
Africa	47,587,383	30,682,008	44,292,621	39,481,758
Middle East	50,590,296	41,330,270	51,549,266	43,064,452
Asia	12,805,421	9,660,837	8,255,464	5,731,978
HQ Managed	3,493,034	3,059,801	2,265,387	1,841,488
<b>Total</b>	<b>115,267,488</b>	<b>84,827,299</b>	<b>107,250,018</b>	<b>90,099,153</b>

## 3. Team Member Numbers and Costs

		2024	2023
The average monthly number of team members was:		198	173
Comprising:	UK based employees	136	113
	Expat employees	24	30
	Continental Europe based employees	38	30

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>Wages and salaries:</b>				
Employed by the charity	11,131,946	8,814,989	9,450,339	7,619,297
Termination payment	91,944	77,575	-	-
(Less seconded to MCG & MCNL)	(5,692,555)	(4,663,049)	(4,609,174)	(3,961,040)
Field team members seconded from MCG	19,581,704	15,678,195	18,903,667	15,767,695
<b>Total</b>	<b>25,113,039</b>	<b>19,907,710</b>	<b>23,744,832</b>	<b>19,425,952</b>
<b>Social security</b>				
Employed by the charity	1,304,233	939,907	952,697	743,949
(Less seconded to MCG & MCNL)	(652,462)	(493,714)	(390,955)	(380,173)
<b>Total</b>	<b>651,771</b>	<b>446,193</b>	<b>561,742</b>	<b>363,776</b>
<b>Other benefits</b>				
Employed by the charity	144,347	112,983	256,898	95,591
(Less seconded to MCG & MCNL)	(53,105)	(38,922)	(131,246)	-
Field team members seconded from MCG	6,640,740	5,334,553	5,816,637	4,776,878
<b>Total</b>	<b>6,731,982</b>	<b>5,408,614</b>	<b>5,942,289</b>	<b>4,872,469</b>
<b>Pension costs</b>				
Employed by the charity	811,784	689,040	515,053	460,488
(Less seconded to MCG & MCNL)	(402,553)	(348,567)	(243,596)	(231,919)
<b>Total</b>	<b>409,231</b>	<b>340,473</b>	<b>271,457</b>	<b>228,569</b>
<b>Team Member Costs Total</b>	<b>32,906,023</b>	<b>26,102,990</b>	<b>30,520,320</b>	<b>24,890,766</b>

Salary Band	Group 2024 Number of Employees	Charity 2024 Number of Employees	Group 2023 Number of Employees	Charity 2023 Number of Employees
60-70k	17	15	11	11
70-80k	14	12	17	16
80-90k	8	3	11	8
90-100k	10	7	6	4
100 – 110k	0	0	3	3
110 – 120k	5	5	6	6
120 – 130k	1	1	3	3
130 – 170k	3	3	3	3
<b>Total</b>	<b>58</b>	<b>46</b>	<b>60</b>	<b>54</b>

Retirement benefits accrue to these employees under defined contribution schemes. Contributions made by the company on their behalf to secure benefits totalled £296,472 (2023: £254,011).

Mercy Corps Europe seconded equivalent of 36 team members within salary bands exceeding £60,000 to Mercy Corps Global in 2024 (2023: 34), and the equivalent of 3 team members with salary band exceeding £60,000 to Mercy Corps Netherlands (2023: 4).

Key management remuneration (including National Insurance and Pension contributions) - comprising members of the European Senior Leadership Team and proportion of Global CEO's and Global CFO's remuneration which relates to Mercy Corps Europe were as follows:

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
<b>Total Employment Benefits</b>	<b>1,252,339</b>	<b>1,038,957</b>	<b>1,136,098</b>	<b>939,687</b>

None of the Board of Directors (who are also Trustees) received any remuneration (2023: nil) from MCE. One Mercy Corps Europe Director position was held successively in FY24 who was an employee of Mercy Corps Global, registered in the USA, a related party (see note 16), and received remuneration from Mercy Corps Global in respect of that employment as Global CEO. Their employment income from Mercy Corps Global is not in respect of their role as ex-officio directors of MCE. We recognise the position of Global CEO as Key Management Personnel of MCE, and £17,432 (2023: £16,412) salary as the allocation of the remuneration related to Mercy Corps Europe for this position was paid for by Mercy Corps Global. The Global CEO is occupying multiple roles in the Global organisation therefore the remuneration figure included and relating to Mercy Corps Europe is a proportion of the overall package that they receive. This proportion uses an allocation basis considered reasonable to assign the Global salary based on time spent on Mercy Corps Europe related work of 3% (2023: 3%). Expenditure of £nil (2023: £12,237) relating to all the directors was made during the year, either by the reimbursement of business expenses or payments to suppliers. The charity has third party indemnity insurance on behalf of the directors.

Pension costs relate to defined contribution pension schemes contributed to during the year. The funds in these schemes are held separately from the charity. Contributions of £100,501 (2023: £65,330) were outstanding at the year end.

## 4. Analysis of Charitable Resources Expended

Group	Allocation basis	Civil Society, Education and Conflict management £	Economic Development £	Public Health, Water and Environment £	Disaster Risk Reduction and Emergency Response £	Total 2024 £	Total 2023 £
General	Direct	3,038,225	4,500,733	2,227,980	2,926,108	<b>12,693,046</b>	4,445,081
Housing	Direct	329,763	468,917	160,644	356,338	<b>1,315,662</b>	1,346,208
Multipurpose cash assistance	Direct	3,973,747	2,316,150	1,349,065	12,845,261	<b>20,484,223</b>	18,273,443
Office costs	Direct	912,569	850,406	446,078	724,547	<b>2,933,600</b>	2,818,627
Outsourcing	Direct	3,401,428	9,690,667	4,410,466	21,020,267	<b>38,522,828</b>	36,705,235
Procurement	Direct	2,117,296	1,606,048	1,189,686	675,834	<b>5,588,864</b>	11,416,437
Staffing	Direct	6,670,320	10,061,856	4,234,958	6,114,335	<b>27,081,469</b>	26,078,427
Travel	Direct	510,423	795,374	368,904	567,602	<b>2,242,303</b>	2,194,096
Support cost	Revenue Share (see not 5)	1,419,308	2,095,648	954,675	3,077,562	<b>7,547,193</b>	6,469,463
<b>Totals</b>		<b>22,373,079</b>	<b>32,385,799</b>	<b>15,342,456</b>	<b>48,307,854</b>	<b>118,409,188</b>	109,747,017

Charity	Allocation basis	Civil Society, Education and Conflict management £	Economic Development £	Public Health, Water and Environment £	Disaster Risk Reduction and Emergency Response £	Total 2024 £	Total 2023 £
General	Direct	2,238,633	3,740,267	1,798,797	1,879,418	<b>9,657,115</b>	4,301,930
Housing	Direct	286,854	405,531	110,792	262,633	<b>1,065,810</b>	1,135,257
Multipurpose cash assistance	Direct	564,557	460,751	39,681	10,887,337	<b>11,952,326</b>	11,532,533
Office costs	Direct	809,235	726,456	289,994	534,636	<b>2,360,321</b>	2,365,510
Outsourcing	Direct	2,751,792	9,129,914	2,020,822	14,066,101	<b>27,968,629</b>	34,419,322
Procurement	Direct	1,913,066	1,494,220	742,807	432,916	<b>4,583,009</b>	9,067,074
Staffing	Direct	5,677,291	8,531,856	3,020,543	4,451,026	<b>21,680,716</b>	21,838,208
Travel	Direct	409,669	662,718	238,936	366,103	<b>1,677,426</b>	1,506,735
Support cost	Revenue Share (see not 5)	1,041,139	1,787,337	587,142	2,336,535	<b>5,752,153</b>	4,919,554
<b>Totals</b>		<b>15,692,236</b>	<b>26,939,050</b>	<b>8,849,514</b>	<b>35,216,705</b>	<b>86,697,505</b>	91,086,123

## 5. HQ Support Costs Allocation – Unrestricted Funds

HQ support costs of £8.5m (2023: £7m) comprising Executive, Finance, Programmes, Fundraising, Governance, IT, Human Resources and Office Administration are allocated to the Statement of Financial Activities and Income and Expenditure account as per the following tables.

- › Allocate IT, Office Administration and Human Resources to Executive, Finance, programmes and Fundraising on the basis of team members numbers;
- › Allocate an element of remaining Fundraising costs to Expenditure on Raising Funds;
- › Allocate an element of Fundraising, Executive, Finance and Programmes expenditure to Governance on the basis of time spent by departmental managers on governance matters.

### Group

Stage 1	2023 Costs £	2024 Costs £	Allocate Office Admin £	Allocate IT £	Allocate HR £	Allocate to Governance (note 6) £	Remove expenditure on raising funds £	To be allocated In stage 2 £
Executive	350,537	<b>386,864</b>	28,232	8,814	42,704	(30,698)	-	435,916
Finance	1,457,279	<b>2,007,941</b>	295,277	62,579	429,704	(183,915)	-	2,611,586
Programmes	1,991,670	<b>2,284,195</b>	412,145	86,112	599,069	(222,469)	-	3,159,052
Fundraising	740,618	<b>1,124,409</b>	245,801	69,336	367,567	(118,889)	(903,556)	784,668
Human Resources	1,109,949	<b>1,352,408</b>	71,946	14,690	(1,439,044)	-	-	-
Governance	170,705	-	-	-	-	555,971	-	555,971
Office Administration	985,943	<b>1,072,223</b>	(1,072,223)	-	-	-	-	-
IT	182,339	<b>222,709</b>	18,822	(241,531)	-	-	-	-
<b>Totals</b>	<b>6,989,040</b>	<b>8,450,749</b>	-	-	-	-	(903,556)	7,547,193

Finally, the remaining unallocated Executive, Finance, Programmes, Fundraising and Governance costs are allocated to Expenditure in proportion to direct spend in those areas.

Stage 2	Governanc e £	Executive £	Finance £	Programme s £	Fundraising £	2024 £	2023 £
Civil Society, Education and Conflict Management	104,242	78,901	493,866	598,865	143,434	<b>1,419,308</b>	1,722,603
Economic Development	155,842	135,450	712,347	854,795	237,214	<b>2,095,648</b>	2,087,871
Public Health, Water and Environment	69,245	44,495	339,821	416,143	84,971	<b>954,675</b>	1,053,575
Disaster Risk Reduction and Emergency Response	226,642	177,070	1,065,552	1,289,249	319,049	<b>3,077,562</b>	1,605,414
<b>Totals</b>	<b>555,971</b>	<b>435,916</b>	<b>2,611,586</b>	<b>3,159,052</b>	<b>784,668</b>	<b>7,547,193</b>	<b>6,469,463</b>

Cost allocation includes an element of judgement and the charity has to bear in mind the cost / benefit of undertaking detailed calculations.

## Charity

Stage 1	2023 Costs £	2024 Costs £	Allocate Office Admin £	Allocate IT £	Allocate HR £	Allocate to Governance (note 6) £	Remove expenditure on raising funds £	To be allocated In stage 2 £
Executive	350,536	<b>386,864</b>	28,232	8,814	42,704	(30,698)	-	435,916
Finance	1,084,225	<b>1,465,645</b>	200,449	62,579	303,200	(133,676)	-	1,898,197
Programmes	1,410,476	<b>1,625,644</b>	275,830	86,112	417,221	(158,211)	-	2,246,596
Fundraising	724,730	<b>1,070,347</b>	222,094	69,336	335,941	(111,692)	(848,859)	737,167
Human Resources	835,227	<b>1,037,322</b>	47,054	14,690	(1,099,066)	-	-	-
Governance	123,541	-	-	-	-	434,277	-	434,277
Office Administration	701,973	<b>792,481</b>	(792,481)	-	-	-	-	-
IT	182,339	<b>222,709</b>	18,822	(241,531)	-	-	-	-
<b>Totals</b>	<b>5,413,047</b>	<b>6,601,012</b>	-	-	-	-	(848,859)	5,752,153

Stage 2	Governance £	Executive £	Finance £	Programmes £	Fundraising £	2024 £	2023 £
Civil Society, Education and Conflict Management	78,604	78,901	343,574	406,633	133,427	<b>1,041,139</b>	1,260,277
Economic Development	134,941	135,450	589,817	698,073	229,056	<b>1,787,337</b>	1,620,210
Public Health, Water and Environment	44,328	44,495	193,756	229,318	75,245	<b>587,142</b>	672,748
Disaster Risk Reduction and Emergency Response	176,404	177,070	771,050	912,572	299,439	<b>2,336,535</b>	1,366,319
<b>Totals</b>	<b>434,277</b>	<b>435,916</b>	<b>1,898,197</b>	<b>2,246,596</b>	<b>737,167</b>	<b>5,752,153</b>	<b>4,919,554</b>

## 6. Governance Costs

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
External Audit	175,741	107,000	122,052	83,000
Trustees' indemnity insurance	9,451	4,726	6,695	3,303
Trustees' expenses	-	-	12,237	12,237
Professional Fees	78,180	32,575	5,809	5,809
Apportionment of senior team members costs (based on time spent)	292,599	289,976	448,575	347,994
<b>Total</b>	<b>555,971</b>	<b>434,277</b>	<b>595,368</b>	<b>452,343</b>



## 7. Net Income/ (expenditure) for the year is stated after charging

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Depreciation	46,368	46,368	43,394	43,394
Operating lease rentals – land and buildings	393,528	343,081	403,770	366,454
Operating lease rentals – other	16,091	16,091	26,666	26,666
Auditor’s remuneration				
Fees payable to the company’s auditor for the audit of the company’s annual accounts	107,000	107,000	83,000	83,000
Fees payable to the company’s auditor and its associates for other services: Audit of the accounts of subsidiaries	68,741	-	39,052	-
Fees payable to the company’s auditor and its associates for other services: Payroll service coordination	45,605	-	-	-

## 8. Tangible Fixed Assets

	Leasehold improvements London £	Leasehold improvements Edinburgh £	Computers £	Equipment £	Total £
<b>Cost</b>					
At 1 July 2023	365,733	395,549	278,286	101,076	1,140,644
Additions	-	-	-	8,981	8,981
Disposals	(365,733)	-	(256,255)	(101,076)	(723,064)
At 30 June 2024	-	395,549	22,031	8,981	426,561
<b>Depreciation</b>					
At 1 July 2023	365,733	192,784	267,092	101,076	926,685
Charge for year	-	40,475	4,209	1,684	46,368
Disposals	(365,733)	-	(256,255)	(101,076)	(723,064)
At 30 June 2024	-	233,259	15,046	1,684	249,989
Net Book Value at 30 June 2024	-	162,290	6,985	7,297	176,572
Net Book Value at 30 June 2023	-	202,765	11,194	-	213,959

Mercy Corps Netherlands do not have any fixed assets to be reported as of 30 June 2024. As such, the above table represents both the group and the charity.

## 9. Debtors

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Other debtors	1,145,424	516,643	1,427,415	1,247,408
Intercompany	3,484,627	2,729,365	2,913,741	754,512
Prepayments	225,871	196,925	499,756	461,825
Accrued project income	19,580,609	14,004,380	22,261,254	16,880,788
<b>Total</b>	<b>24,436,531</b>	<b>17,447,313</b>	<b>27,102,166</b>	<b>19,344,533</b>

Accrued project income relates to funds due from donors for projects in which expenses have already been paid by Mercy Corps Europe as of 30 June 2024

## 10. Cash in Bank and in Hand

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Bank accounts	65,512,134	31,879,630	48,482,693	31,815,915
Cash in hand	235	235	373	373
<b>Total</b>	<b>65,512,369</b>	<b>31,879,865</b>	<b>48,483,066</b>	<b>31,816,288</b>

## 11. Creditors: amounts falling due within one year

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Deferred income	39,740,984	16,558,126	28,690,334	14,838,859
Intercompany balance	25,134,521	13,055,692	17,942,649	11,134,039
Accruals	3,103,026	900,415	1,532,364	1,262,515
Taxation and social security	242,963	267,990	281,798	208,684
Other creditors	6,001,550	4,687,811	7,156,902	6,996,963
<b>Total</b>	<b>74,223,044</b>	<b>35,470,034</b>	<b>55,604,047</b>	<b>34,441,060</b>

Deferred income above relates to project income received in advance, or the balance of income held for projects, which performance related conditions have not been met. Mercy Corps Global intercompany balance represents funds owed by the charity to Mercy Corps Global for funding advances to the charity's projects and in respect of the settlement of expenditure between Headquarters.

	Group £	Charity £
At 1 July 2023	28,690,334	14,838,859
Transfer from accrued project income	(22,261,254)	(16,880,788)
Currency	629,820	689,895
Grant funds received in year	129,812,977	86,179,333
Grant funds spent during year	(115,267,488)	(84,827,299)
Transfer to accrued project income	18,136,595	16,349,272
<b>At 30 June 2024</b>	<b>39,740,984</b>	<b>16,558,126</b>

## 12. Operating Lease Commitments

### Group and Charity

The total future minimum lease commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings £	Other £	2024 £	2023 £
In less than 1 year	306,246	1,424	307,670	333,265
In 2 to 5 years	303,827	-	303,827	336,326
Over 5 years	-	-	-	-
<b>Total</b>	<b>610,073</b>	<b>1,424</b>	<b>611,497</b>	<b>669,591</b>
<b>Lease payments recognised as an expense</b>	<b>393,528</b>	<b>16,091</b>	<b>409,619</b>	<b>427,020</b>

## 13. Unrestricted Funds

### Group

	Balance at 1 July 2023 £	Income £	Expenditure £	Transfers (Out) / In £	Balance at 30 June 2024 £
<b>General Funds</b>	13,586,135	12,948,663	(14,545,295)	(21,499)	<b>11,968,004</b>
<b>Designated Funds</b>					
Foreign Exchange	2,933,432	-	(1,445,697)	-	<b>1,487,735</b>
European Platform	450,000	-	-	-	<b>450,000</b>
<b>Total: Designated Funds</b>	<b>3,383,432</b>	<b>-</b>	<b>(1,445,697)</b>	<b>-</b>	<b>1,937,735</b>
<b>Total</b>	<b>16,969,567</b>	<b>12,948,663</b>	<b>(15,990,992)</b>	<b>(21,499)</b>	<b>13,905,739</b>

### Charity

	Balance at 1 July 2023 £	Income £	Expenditure £	Transfers (Out) / In £	Balance at 30 June 2024 £
<b>General Funds</b>	12,637,105	11,261,219	(12,675,872)	(21,499)	<b>11,200,953</b>
<b>Designated Funds</b>					
Foreign Exchange	2,351,718	-	(1,326,350)	-	<b>1,025,368</b>
European Platform	450,000	-	-	-	<b>450,000</b>
<b>Total: Designated Funds</b>	<b>2,801,718</b>	<b>-</b>	<b>(1,326,350)</b>	<b>-</b>	<b>1,475,368</b>
<b>Total</b>	<b>15,438,823</b>	<b>11,261,219</b>	<b>(14,002,222)</b>	<b>(21,499)</b>	<b>12,676,321</b>

**Group**

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers (Out) £	Balance at 30 June 2023 £
<b>General Funds</b>	14,200,245	14,818,068	(15,329,833)	(102,376)	13,586,103
<b>Designated Funds</b>					
<b>Foreign Exchange</b>	1,343,116	-	1,590,348	-	2,933,464
<b>European Platform</b>	450,000	-	-	-	450,000
<b>Total: Designated Funds</b>	1,793,116	-	1,590,348	-	3,383,464
<b>Total</b>	15,993,360	14,818,068	(13,739,485)	(102,376)	16,969,567

**Charity**

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers (Out) £	Balance at 30 June 2023 £
<b>General Funds</b>	13,858,367	13,493,234	(14,638,115)	(102,376)	12,611,110
<b>Designated Funds</b>					
<b>Foreign Exchange</b>	982,336	-	1,395,377	-	2,377,713
<b>European Platform</b>	450,000	-	-	-	450,000
<b>Total: Designated Funds</b>	1,432,336	-	1,395,377	-	2,827,713
<b>Total</b>	15,290,703	13,493,234	(13,242,738)	(102,376)	15,438,823

The directors have reviewed unrestricted funds and their potential use and are mindful of future calls on the funds which they now specifically designate as above.

The transfer out of general funds in the year was £21,499 (2023: £102,376). The transfer in the current year was a result of providing funding for a short-fall on restricted grants. There was a net (decrease)/increase as a result of foreign exchange of (£1,445,697) (2023: £1,395,377).

## 14. Restricted Funds

### Group

	Balance at 1 July 2023 £	Income £	Expenditure £	Transfers In / (Out) £	Balance at 30 June 2024 £
Grants	3,607,458	103,300,176	(104,767,449)	1,638,289	3,778,474
Donations	(381,881)	216,886	-	(1,616,790)	(1,781,785)
<b>Total</b>	<b>3,225,577</b>	<b>103,517,062</b>	<b>(104,767,449)</b>	<b>21,499</b>	<b>1,996,689</b>

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers In £	Balance at 30 June 2023 £
Grants	4,867,822	93,610,114	(94,936,761)	66,283	3,607,458
Donations	(417,974)	-	-	36,093	(381,881)
<b>Total</b>	<b>4,449,848</b>	<b>93,610,114</b>	<b>(94,936,761)</b>	<b>102,376</b>	<b>3,225,577</b>

### Charity

	Balance at 1 July 2023 £	Income £	Expenditure £	Transfers In / (Out) £	Balance at 30 June 2024 £
Grants	2,056,034	74,494,604	(74,870,492)	555,490	2,235,636
Donations	(561,136)	216,886	-	(533,991)	(878,241)
<b>Total</b>	<b>1,494,898</b>	<b>74,711,490</b>	<b>(74,870,492)</b>	<b>21,499</b>	<b>1,357,395</b>

	Balance at 1 July 2022 £	Income £	Expenditure £	Transfers (Out) / In £	Balance at 30 June 2023 £
Grants	2,291,077	77,524,451	(77,825,777)	66,283	2,056,034
Donations	(597,229)	-	-	36,093	(561,136)
<b>Total</b>	<b>1,693,848</b>	<b>77,524,451</b>	<b>(77,825,777)</b>	<b>102,376</b>	<b>1,494,898</b>

Transfer in to Restricted Grants of £555,490 (2023: Transfer in of £66,283) comprises restricted donations used to cover programmatic expenditure in line with the terms of the donation. The transfer (out)/in of donations of (£533,991) (2023: £36,093) includes the transfers in to Restricted Grants, along with the replenishment of General Funds for programme expenditure that was previously covered temporarily from unrestricted reserves, where co-financing has now been secured. These movements show a net transfer in of £21,499 (2023: net transfer in £102,346).

Restricted Funds are country or project specific and allocated to projects as expenditure is incurred. The balances held on individual restricted funds are listed below, with the negative balances resulting from project closure or FX impact to be cleared in FY25 through future settlements.

## Nature of Restriction

		Balance at 30 June 2024 £	Balance at 30 June 2023 £
<b>To co-finance projects</b>	Central African Republic	13,639	6,835
	Ethiopia	1,136	(13,436)
	Gaza	20,741	10,250
	Iraq	-	(26,257)
	Jordan	(20,076)	-
	Lebanon	-	(10,877)
	Liberia	17,986	
	Mali	28,867	(26,634)
	Nepal	-	
	Niger	1	27,637
	Pakistan	903	6,303
	Syrian Arab Republic	42,258	162,781
	Yemen – 1	-	(864)
	Yemen - 2	1,577	36,512
	<b>Other</b>	COVID-19 Resilience Fund	35,839
Emergency response fund		20,005	-
Sustainable Energy in Jordan's Za'atari Refugee Camp		150,000	-
Ukraine		1,661,647	-
Other funds (under £10,000)		22,166	(14,461)
<b>Total</b>		<b>1,996,689</b>	<b>3,225,577</b>



## 15. Analysis of Net Assets between Restricted and Unrestricted Funds

### Group

	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Total 2023 £
Tangible fixed assets	176,572	-	176,572	213,959
Other net assets	13,729,167	1,996,689	15,725,856	19,981,185
<b>Total</b>	<b>13,905,739</b>	<b>1,996,689</b>	<b>15,902,428</b>	<b>20,195,144</b>

### Charity

	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Total 2023 £
Tangible fixed assets	176,572	-	176,572	213,959
Other net assets	12,499,749	1,357,395	13,857,144	16,719,762
<b>Total</b>	<b>12,676,321</b>	<b>1,357,395</b>	<b>14,033,716</b>	<b>16,933,721</b>

### Group

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Tangible fixed assets	213,959	-	213,959	246,876
Other net assets	16,755,608	3,225,577	19,981,185	20,196,603
<b>Total</b>	<b>16,969,567</b>	<b>3,225,577</b>	<b>20,195,144</b>	<b>20,443,479</b>

### Charity

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Tangible fixed assets	213,959	-	213,959	246,876
Other net assets	15,224,864	1,494,898	16,719,762	16,737,675
<b>Total</b>	<b>15,224,823</b>	<b>1,494,898</b>	<b>16,933,721</b>	<b>16,984,551</b>

## 16. Related Party Transactions

Mercy Corps Global is a charitable company registered in the United States of America. The registered office is 45 SW Ankeny Street, Portland Oregon 97204.

As detailed in the Trustees Annual Report, Mercy Corps Europe works with Mercy Corps Global globally to deliver services in the name of Mercy Corps.

In recognition of this joint arrangement the following directors of Mercy Corps Europe were also Directors of Mercy Corps Global and Mercy Corps Netherlands during the year.

Name	Title	Related Party
<b>Kito de Boer</b>	Board Chair, Mercy Corps Europe	MCNL, MCG, MCNL General Meeting
<b>Tjada D'Oyen McKenna</b>	Chief Executive Officer	MCNL General Meeting, MCG
<b>Emmanuel Lulin</b>	Board Director	MCG, MCNL General Meeting
<b>John Makinson</b>	Board Director	MCG, MCNL General Meeting
<b>Lesley Ndlovu</b>	Board Director	MCG, MCNL General Meeting
<b>Lucy Helm</b>	Joint Board Chair	MCG, MCNL, MCNL General Meeting
<b>Alan Hartley</b>	Board Director	MCG, MCNL General Meeting,

No Directors received any remuneration from Mercy Corps Europe. During FY24, one Mercy Corps Europe director position was held by Tjada D'Oyen McKenna. They were an employee of and remunerated by Mercy Corps Global, registered in the USA, in respect of that employment relationship and services provided to Mercy Corps Global. As explained in Note 3, the Director position received remuneration for time spent on Mercy Corps Europe related work from a related party, Mercy Corps Global.

Mercy Corps Europe, Mercy Corps Global and Mercy Corps Netherlands work closely together under two Memorandums of Understanding. In some instances, organisations will pool administrative and technical resources for the benefit of their respective projects. In such cases a re-charge of the actual costs incurred will be made between Mercy Corps Europe, Mercy Corps Global and Mercy Corps Netherlands.

For the purposes of this note, related party transactions include (a) any expenditure made by Mercy Corps Europe on behalf of Mercy Corps Global, (b) any expenditure made by Mercy Corps Global HQ or field offices in relation to Mercy Corps Europe core HQ departments and (c) any expenditure made by Mercy Corps Europe on behalf of Mercy Corps Netherlands. Direct expenditure by field offices and / or Mercy Corps Global on Mercy Corps Europe or Mercy Corps Netherlands programmatic activity is not treated as related party expenditure.

During the year the following transactions arose:

- > Expenditure on behalf of Mercy Corps Global by Mercy Corps Europe: £5,733,259 (2023: £4,849,397).
- > Expenditure on behalf of Mercy Corps Europe by Mercy Corps Global: £136,987 (2023: £540,341).
- > Expenditure on behalf of Mercy Corps Europe by Mercy Corps Netherlands: £106,531(2023: £75,156).

- › At the year-end, Mercy Corps Europe's liability with Mercy Corps Global was £10,436,227 (2023: £11,157,716).
- › At the year-end Mercy Corps Netherlands' liability with Mercy Corps Europe was £111,161 (2023: £111,161).

## 17. Contingencies

The directors have confirmed that there were nil contingent liabilities which should be disclosed on 30 June 2024 (2023: none).

## 18. Capital Commitments

The directors have confirmed that there were nil capital commitments on 30 June 2024.

## 19. Ultimate Controlling Party

The company is limited by guarantee and the directors have each agreed to contribute £1 in the event of the company being wound up. The directors control the company.

In view of the global nature of work undertaken by Mercy Corps, the agency to which Mercy Corps Europe contributes and the joint management that is exercised by JBEC, Mercy Corps will produce consolidated accounts which include the results of MCE. The next period of consolidation will be for the year ended 30 June 2024.

## 20. FCDO– Schedule to Financial Statements

Projects implemented on behalf of the Foreign, Commonwealth and Development Office (FCDO) during period from 1 July 2023 to 30 June 2024. We certify that each of the FCDO grants below were expended in accordance with the terms agreed with FCDO.

Country	Cost Centre	Instalments received £	Expended/(reversed) during the financial year £
Nepal	91514	-	18,801
Malawi	91608	2,582,036	2,203,798
Palestine	91609	372,633	209,853
Ukraine	91614	16,475,000	4,989,364
Democratic Republic of Congo	91619	9,000,000	7,535,069
Burkina Faso	91629	61,451	288,557
Sudan	91537	65,533	231,021
Uganda	91574	281,167	(78,124)
Jordan	91562	2,049,114	885,869
Ukraine	91653	-	801,264
Tanzania	91657	32,443	26,348

FCDO supports Mercy Corps work in numerous countries to meet urgent humanitarian needs, provide long-term and innovative solutions in economic recovery, resilience building, food security, peace and conflict management, water and sanitation and girls' education, and support social cohesion and peaceful solutions as well as economic opportunities for vulnerable groups.

## 21. British Council - Schedule to Financial Statements

Projects implemented on behalf of British Council during the period from 1 July 2023 to 30 June 2024. We certify that each of the British Council grants below were expended in accordance with the terms agreed with British Council.

Country	Cost Centre	Instalments received £	Expended during the financial year £
Myanmar	91515	92,163	30

The British Council supports Mercy Corps work to support community-based dispute resolution and vocational training.

## 22. Financial Instruments

	Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Carrying amount of financial assets				
Debt instructions measured at amortised cost	24,210,660	17,250,388	3,618,676	1,321,260
Carrying amount of financial liabilities				
Measured at amortised cost	70,877,049	34,301,629	25,893,233	18,696,656

Debt instruments measured at amortised cost comprises trade debtors, other debtors, and amounts owed by group undertakings.

Liabilities measured at amortised cost comprises trade creditors, payments received on account, accruals, other creditors, and amounts due to group undertakings.

## 23. Affiliates

The following company has been fully consolidated into the account of MCE:

Jointly Controlled entity	Principle Activity
Mercy Corps Netherlands	Public benefit entity

### Results of affiliate for the year ended 30 June 2024

	Turnover £	Expenditure £	Net Profit £	Aggregate net assets £
Mercy Corps Netherlands	30,373,675	31,766,380	(1,392,705)	1,868,718

## 24. Accounting Estimates and Judgements

The Charity makes estimates and assumptions concerning the future. The resulting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

### **Dilapidations on leasehold properties**

The Charity leases an office building under a lease agreement that expires in July 2028. The lease agreement that expires in July 2028. The lease agreement includes a provision requiring the Company to return the property to the landlord in the same condition as it was at the commencement of the lease, subject to fair wear and tear.

The Charity has estimated that the cost of restoring the property to its original condition at the end of the lease term will be £190,000. This estimate is based on the Charity's experience with similar properties occupied.

The company has recognised a provision related to the leasehold properties of £141,172 as at 30 June 2024 (FY 2023: £173,000). The company believes that the estimate of the dilapidations and dismantling charge is reasonable, but there is a degree of uncertainty associated with the estimate due to factors that could affect the cost of the charge, such as changes in the cost of materials and labour.

## Our Advisors

### External Auditors

Grant Thornton has expressed its willingness to continue to act as auditor. A resolution to appoint Grant Thornton, under section 485 of the Companies Act 2006, was approved at the Board meeting on 24 June 2024.

#### Grant Thornton

30 Finsbury Square  
London  
EC2A 1AG

### Lawyers

#### Morton Fraser MacRoberts

Quartermile Estates Ltd  
2 Lister Square  
Edinburgh  
EH3 9GL

#### Squire Patton Boggs

60 London Wall  
London  
EC2M 5TQ  
United Kingdom

### Bankers

#### Bank of Scotland

Community Banking  
2nd Floor  
38 St Andrew Square  
Edinburgh  
EH2 2YR

#### NatWest

Edinburgh Commercial Banking Office  
2nd Floor, The Gemini Building  
24/25 St Andrew Square  
Edinburgh  
EH2 1AF

#### Rabobank

Bezuidenhoutseweg 5  
2594AB Den Haag  
Postbus 11695, 2502AR Den Haag  
Netherlands

#### Barclays

Level 11  
1 Churchill Place  
London  
EH14 5HP

#### Wells Fargo

420 Montgomery Street  
San Francisco  
CA 94104

## Registered Office

Mercy Corps Europe  
96/3 Commercial Quay  
Edinburgh  
EH6 6LX

Tel: +44 (0)131 662 5160

Fax: +44 (0)131 662 6648

Email: [info@mercycorps.org](mailto:info@mercycorps.org)

Website: [www.mercycorps.org.uk](http://www.mercycorps.org.uk)

Mercy Corps Europe is a registered charity no: SC030289

Company registered in Scotland no: SC208829