

REGISTERED CHARITY NUMBER: 1097682

REPORT OF THE TRUSTEES AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
FOR  
RAHMA (MERCY)

Thapers Limited  
Chartered Accountants  
Harpal House  
14 Holyhead Road  
Handsworth  
Birmingham  
West Midlands  
B21 0LT

RAHMA (MERCY)

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

	<b>Page</b>
<b>Report of the Trustees</b>	<b>1 to 5</b>
<b>Report of the Independent Auditors</b>	<b>6 to 9</b>
<b>Statement of Financial Activities</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Cash Flow Statement</b>	<b>12</b>
<b>Notes to the Cash Flow Statement</b>	<b>13</b>
<b>Notes to the Financial Statements</b>	<b>14 to 21</b>

---

## RAHMA (MERCY)

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

The trustees present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The objectives of the charity are the provision of general charitable welfare services such as poverty relief and promotion of educational and recreational facilities. These are mainly for the benefit of the general public in Leicestershire (UK), Albania, Kosovo, Macedonia, Serbia, and Bosnia.

The aims of the Trust are to assist orphans, persons in need or victims of man-made or natural disasters & provide education:

- 1) By instituting, supporting or assisting in the provision of social or humanitarian support, and
- 2) Promoting better understanding, appreciation, and practice of Islam by the provision of distribution of alms and charitable donation in accordance with Islamic principles.

In order to achieve these objectives, the trustees have considered the Charity Commission's general guidance on public benefits and also the supplementary guidance on the advancement of religion for public benefits.

##### **Volunteers**

The charity recognises and is grateful for the tremendous efforts and support of its volunteers who are involved in service provision and fundraising. It has not been possible to quantify the sterling contribution of our volunteers.

## RAHMA (MERCY)

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Charitable activities**

This section focuses on the progress and achievements for each of our projects over the last year. It provides a summary of updates within each area. All work undertaken is aligned to the organisation's main objective of benefitting the orphans, poor and needy, students and the residents of the areas we work in.

##### **Orphan Sponsorship**

The charity's current sponsorship over the past year is at 100 orphans in Macedonia, 50 orphans in Serbia, 300 orphans in Kosovo and 600 orphans in Albania. Each orphan receives approximately 26 Euros (£25) a month which helps in providing for their basic needs. In the coming year we are expecting to increase this amount to keep the support in line with higher living costs.

##### **Mosque (Masjid) Construction**

Rahma has constructed 31 Mosques in Albania and Kosovo which act as a central place of worship for locals as well as a cornerstone for the communities. Demand remains very high for Mosques in the villages and this project will continue to be a core focus of work for the charity.

##### **Fresh Water well Project**

A total of 265 water wells have been built within in Albania and Kosovo. The charity has again been approached by several other villages in the region for help with similar projects. Restricted funds are used for this project and this work will continue similarly for the coming year. We are expecting an increase in the prices for this project due to increased labour costs and construction costs.

##### **Food and Meat**

Over 20,000 families across the Balkans were provided with food packages to help them during Ramadan 2022 (April -May 2022). Rice, flour, salt, sugar, oil, and tea were provided. Due the global situation with price rises of commodities etc. there is a great need of the Food Aid project for families that are struggling to make ends meet. This year saw Rahma distribute 143 sheep worth of Qurbani meat within Albania only.

##### **Housing**

The aim of Rahma's housing project is to directly help the poorest people in Albania and Kosovo. The project's aim is to rebuild or build new homes for those who are living in derelict buildings. Rahma's initiative to start the housing project has been a success and to date we have built over 15 houses and conducted repair work to others.

##### **Religious Education**

Rahma now supports 220+ Islamic education schools as of March 2023. The religious education project remains a central component of Rahma's work and is a key objective of our long-term strategy. Access to religious education since 1999 has enriched and enhanced the many lives of the local people. The schools have enabled both young and old people to rediscover their heritage and to build a platform for them to live a spiritually healthy lifestyle. Demand for more schools remains at an all-time high and the organisation's focus and aim will be to support as many new schools as financially and operationally possible to facilitate the education of the population over the coming year.

##### **The Rahma Academy**

The Rahma Academy has been serving the local community since September 2013. This state-of-the-art facility, supported by Rahma (Mercy) and managed by local partner/charity, is providing essential facilities for both residents in the Elbasan Municipality of Albania, and the wider national community. The Academy houses the Rahma School, Girls Quranic memorisation class and weekend courses comprising of Islamic Studies, IT and English lessons.

The Rahma School is the biggest project that is operating in the Academy. There are currently 460+ students ranging from Nursery, up to and including the final class of High School (Year 12). Other schools from around the country choose the Rahma Academy as a venue to hold National competitions and events in various topics ranging from Mathematics to History, as the Rahma School has gained a reputable status within Albania.

RAHMA (MERCY)  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2023

**FINANCIAL REVIEW**

**Financial position**

During the year ended 31 March 2023, the Charity received an income totalling £3,224,215 (2022: £2,826,619). This included £2,956,779 (2022: £2,407,973) restricted donations for Alms (Saddah/Zakat) and the Academy Project to fulfil Charity's main objective. All other income was unrestricted. An expenditure of £3,190,431 (2022: £2,748,240) as incurred to meet Charity's prime objectives in Kosovo & Albania. Overall there was a surplus of income over expenditure, including funds brought forward, of £1,275,269 (2022: £1,241,193).

**Reserves policy**

At the end of the financial year the Charity has restricted funds of £1,241,204 and unrestricted funds of £34,065. The funds will be used according the conditions stipulated for future projects and other activities enabling the Charity to fulfil its objectives.

**FUTURE PLANS**

Rahma's latest project is the Rahma Institute in Albania. We have started to actively fundraise nationwide in the UK for this project. It is the most ambitious project to date and will be built in phases. It will house as an extension for the Rahma School and include boarding facilities for girls within it for Higher Islamic Education. Along with this, there will be recreational areas and workshop facilities for vocational courses too.

The shell substructure of this project has been completed, and we the aim is to complete the project by December 2025.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity, Rahma (Mercy), is an unincorporated trust, constituted under a trust deed dated 6 December 2002, supplemental deed dated November 2010 and December 2019. The is a charity registered with the Charity Commission under registration number 1097682.

**Recruitment and appointment of new trustees**

Candidates are shortlisted based on merit and experience. The selection is made by core volunteers, trustees and senior management collectively. A vote is then made by trustees for final selection.

**Organisational structure**

The charity has got 5 trustees on the top rung of the organisation. An operational committee is directly below the trustees. The CEO of the Charity is Mr Khalil Ahmed Patel. The Operational Manager, Mohammad Azhar Minhas who works under the CEO. The charity has staff members working under the supervision of Mr. Minhas. The charity has volunteers (who are not part of the operational committee) work on the front line.

**Induction and training of new trustees and employees**

The charity has policies in place to ensure employees are adequately trained and capable to meet the expectations of the job. As charities are regulated and handle personal information of people, the policies are designed to address the necessary knowledge required. The policies that are in place include GDPR policy, child protection policy, IT policy, vulnerable adults' policy, grievance policy and probationary period policy.

**Key management and remuneration**

As per the constitution, trustees are entitled to remuneration for expenses incurred due to the charity. However, they generally do not request remuneration for their services. As a gesture of goodwill, expenses (including travel) incurred for the activity of the charity are reimbursed upon review and approval of the CEO and Operational Manager (OM). In relation to the remuneration of key management personnel and other staff members, trustees discuss and collectively agree in a meeting chaired by the CEO.

RAHMA (MERCY)

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2023

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Key Risk and management**

The trustees have a duty to identify and review potential risks which the charity can be exposed to. It is also vital to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The risks can be both Financial and Non-Financial.

**Financial risks**

1. The key risk is misuse of funds. As funds are generated from donors, these must be used in line with the objectives of the charity. Correct appropriation and allocation of funds is key to a charity's success.

2. Money laundering.

**Non-Financial risks**

1. Reputation. It is important to avoid tarnishing the reputation of the charity. Donors are willing to donate to charities that they trust. They should be convinced that their donations are going to projects that will make a difference.

2. Prejudice Scrutiny. Charities can be condemned for projects based on race, religion, geographical locations etc. This can also include employee selection.

We have procedures in place like the AML Policy, dual Authorisation process for expenses and project proposal process before releasing any funds.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Charity number**

1097682

**Principal address**

56 Hartington Road  
Highfields  
Leicester  
LE2 0GN

**Trustees**

Mr S D Valli  
Mr A R Kali  
Mr A A Moti  
Mr I S Mahetar  
Mr M A Vhora

**Auditors**

Thapers Limited  
Chartered Accountants  
Harpal House  
14 Holyhead Road  
Handsworth  
Birmingham  
West Midlands  
B21 0LT

**Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

Al Rayan Bank Plc  
PO Box 12461  
Birmingham  
B16 6AQ

RAHMA (MERCY)

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2023

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on 25 January 2024 and signed on its behalf by:

Abdul Aziz Moti  
Abdul Aziz Moti (Jan 25, 2024 11:44 GMT)

Mr A A Moti - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
RAHMA (MERCY)

**Opinion**

We have audited the financial statements of Rahma (Mercy) (the 'charity') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

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

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
RAHMA (MERCY)

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
RAHMA (MERCY)

**Our responsibilities for the audit of the financial statements**

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable organization and its control environment, and reviewed the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the charity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Charities Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable organization ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organization for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 Report of the Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
RAHMA (MERCY)

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Thapers Limited  
Chartered Accountants  
Harpal House  
14 Holyhead Road  
Handsworth  
Birmingham  
West Midlands  
B21 0LT

25 January 2024

RAHMA (MERCY)

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted fund £	Restricted fund £	31/3/23 Total funds £	31/3/22 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	267,436	2,956,779	3,224,215	2,826,619
Investment income	3	292	-	292	4,681
<b>Total</b>		<b>267,728</b>	<b>2,956,779</b>	<b>3,224,507</b>	<b>2,831,300</b>
<b>EXPENDITURE ON</b>					
<b>Raising funds</b>					
Raising donations and legacies	4	-	47,908	47,908	95,651
		-	47,908	47,908	95,651
<b>Charitable activities</b>					
Charitable projects	5	-	2,749,668	2,749,668	2,314,615
Other		358,137	34,718	392,855	337,974
<b>Total</b>		<b>358,137</b>	<b>2,832,294</b>	<b>3,190,431</b>	<b>2,748,240</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>(90,409)</b>	<b>124,485</b>	<b>34,076</b>	<b>83,060</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		124,475	1,116,718	1,241,193	1,158,133
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>34,066</b>	<b>1,241,203</b>	<b>1,275,269</b>	<b>1,241,193</b>

The notes form part of these financial statements

RAHMA (MERCY)

BALANCE SHEET  
31 MARCH 2023

	Notes	31/3/23 £	31/3/22 £
<b>FIXED ASSETS</b>			
Tangible assets	12	800	1,425
<b>CURRENT ASSETS</b>			
Debtors	13	31,595	24,289
Cash at bank and in hand		<u>1,275,455</u>	<u>1,267,697</u>
		1,307,050	1,291,986
<b>CREDITORS</b>			
Amounts falling due within one year	14	(32,581)	(52,218)
<b>NET CURRENT ASSETS</b>		<u>1,274,469</u>	<u>1,239,768</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,275,269	1,241,193
<b>NET ASSETS</b>		<u>1,275,269</u>	<u>1,241,193</u>
<b>FUNDS</b>	16		
Unrestricted funds		34,065	124,475
Restricted funds		<u>1,241,204</u>	<u>1,116,718</u>
<b>TOTAL FUNDS</b>		<u>1,275,269</u>	<u>1,241,193</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 25 January 2024 and were signed on its behalf by:

Abdul Aziz Moti  
Abdul Aziz Moti (Jan 25, 2024 11:44 GMT)

Mr A A Moti - Trustee

The notes form part of these financial statements

RAHMA (MERCY)  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31/3/23 £	31/3/22 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	7,466	92,897
Net cash provided by operating activities		7,466	92,897
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(973)
Interest received		292	4,681
Net cash provided by investing activities		292	3,708
<b>Change in cash and cash equivalents in the reporting period</b>		7,758	96,605
<b>Cash and cash equivalents at the beginning of the reporting period</b>		1,267,697	1,171,092
<b>Cash and cash equivalents at the end of the reporting period</b>		1,275,455	1,267,697

The notes form part of these financial statements

RAHMA (MERCY)

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31/3/23	31/3/22
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	34,076	83,060
Adjustments for:		
Depreciation charges	625	456
Interest received	(292)	(4,681)
Increase in debtors	(7,306)	(24,084)
(Decrease)/increase in creditors	(19,637)	38,146
Net cash provided by operations	<u>7,466</u>	<u>92,897</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22	Cash flow	At 31.3.23
	£	£	£
Net cash			
Cash at bank and in hand	1,267,697	7,758	1,275,455
	<u>1,267,697</u>	<u>7,758</u>	<u>1,275,455</u>
Total	<u>1,267,697</u>	<u>7,758</u>	<u>1,275,455</u>

The notes form part of these financial statements

## RAHMA (MERCY)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

##### **Income resources**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts/items donated by businesses & communities for distribution to the poor & needy are only included as income where a reliable valuation is available. Otherwise only the costs associated with the transportation and distribution of these items are shown in the financial statements. No amounts are included in the financial statements for services donated by volunteers.

##### **Resources expended**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Management and administration costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 25% on cost

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition.

##### **Taxation**

The charity is exempt from Taxation purposes and is not registered for VAT. However, the charity is allowed to reclaim tax on donations received under the Gift Aid scheme.

##### **Fund accounting**

General funds (Lillah) are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds (Fitra / Zakat) are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund where permissible, otherwise from the unrestricted fund.



RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

1. **ACCOUNTING POLICIES - continued**

**Fund accounting**

Investment income, such as deposit interest, and gains are allocated to the appropriate fund.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. **DONATIONS AND LEGACIES**

	31/3/23	31/3/22
	£	£
Donations	3,104,291	2,636,273
Gift aid	119,924	190,346
	<u>3,224,215</u>	<u>2,826,619</u>

3. **INVESTMENT INCOME**

	31/3/23	31/3/22
	£	£
Profit on Al Rayan deposits	292	4,681
	<u>292</u>	<u>4,681</u>

4. **RAISING DONATIONS AND LEGACIES**

	31/3/23	31/3/22
	£	£
Advertising	47,908	95,651
	<u>47,908</u>	<u>95,651</u>

5. **CHARITABLE ACTIVITIES COSTS**

	Direct Costs (see note 6) £	Support costs (see note 7) £	Totals £
Charitable projects	2,706,062	43,606	2,749,668
	<u>2,706,062</u>	<u>43,606</u>	<u>2,749,668</u>

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**6. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	31/3/23	31/3/22
	£	£
Orphan sponsorship	333,032	285,475
Religious schools' cost	853,025	601,181
Project staff wages and travel	206,531	220,822
Fresh water well projects	45,803	42,302
Mosque construction projects	73,071	293,582
Housing and medical aids	139,549	18,332
Qurbani & Ramadan projects	147,409	286,134
Helping the poor and needy	45,274	25,510
Donations to other projects	251,161	48,359
Floods and emergency appeal	-	9,206
Academy & Education projects	43,797	146,859
Rahma Institute Albania	567,410	336,853
	<u>2,706,062</u>	<u>2,314,615</u>

**7. SUPPORT COSTS**

	Admin and other costs £	Governance costs £	Totals £
Other resources expended	379,860	12,995	392,855
Charitable projects	43,606	-	43,606
	<u>423,466</u>	<u>12,995</u>	<u>436,461</u>

**8. AUDITORS' REMUNERATION**

	31/3/23	31/3/22
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>2,400</u>	<u>2,400</u>

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 March 2023 nor for the year ended 31 March 2022.

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**10. STAFF COSTS**

	31/3/23	31/3/22
	£	£
Wages and salaries	223,071	171,316
Social security costs	12,478	8,931
Other pension costs	2,132	627
	<u>237,681</u>	<u>180,874</u>

The average monthly number of employees during the year was as follows:

	31/3/23	31/3/22
	12	9
Admin, fundraising and marketing	<u>12</u>	<u>9</u>

No employees received emoluments in excess of £60,000.

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	418,646	2,407,973	2,826,619
Investment income	4,681	-	4,681
<b>Total</b>	<u>423,327</u>	<u>2,407,973</u>	<u>2,831,300</u>
<b>EXPENDITURE ON</b>			
<b>Raising funds</b>			
Raising donations and legacies	-	95,651	95,651
	-	95,651	95,651
<b>Charitable activities</b>			
Charitable projects	-	2,314,615	2,314,615
Other	302,529	35,445	337,974
<b>Total</b>	<u>302,529</u>	<u>2,445,711</u>	<u>2,748,240</u>
<b>NET INCOME/(EXPENDITURE)</b>	120,798	(37,738)	83,060
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	3,678	1,154,455	1,158,133
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>124,476</u>	<u>1,116,717</u>	<u>1,241,193</u>

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**12. TANGIBLE FIXED ASSETS**

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2022	13,350	4,214	18,594	36,158
Disposals	-	(200)	-	(200)
At 31 March 2023	13,350	4,014	18,594	35,958
<b>DEPRECIATION</b>				
At 1 April 2022	13,350	3,881	17,502	34,733
Charge for year	-	166	459	625
Eliminated on disposal	-	(200)	-	(200)
At 31 March 2023	13,350	3,847	17,961	35,158
<b>NET BOOK VALUE</b>				
At 31 March 2023	-	167	633	800
At 31 March 2022	-	333	1,092	1,425

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/3/23 £	31/3/22 £
Paypal A/c	31,595	24,289

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/3/23 £	31/3/22 £
Trade creditors	6,388	42,830
Taxation and social security	4,118	3,927
Other creditors	22,075	5,461
	32,581	52,218

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted fund £	Restricted fund £	31/3/23 Total funds £	31/3/22 Total funds £
Fixed assets	800	-	800	1,425
Current assets	65,846	1,241,204	1,307,050	1,291,986
Current liabilities	(32,581)	-	(32,581)	(52,218)
	34,065	1,241,204	1,275,269	1,241,193

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**16. MOVEMENT IN FUNDS**

	At 1.4.22 £	Net movement in funds £	At 31.3.23 £
<b>Unrestricted funds</b>			
General fund	124,475	(90,410)	34,065
<b>Restricted funds</b>			
General fund	1,116,718	124,486	1,241,204
<b>TOTAL FUNDS</b>	<u>1,241,193</u>	<u>34,076</u>	<u>1,275,269</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	267,728	(358,138)	(90,410)
<b>Restricted funds</b>			
General fund	2,956,779	(2,832,293)	124,486
<b>TOTAL FUNDS</b>	<u>3,224,507</u>	<u>(3,190,431)</u>	<u>34,076</u>

**Comparatives for movement in funds**

	At 1.4.21 £	Net movement in funds £	At 31.3.22 £
<b>Unrestricted funds</b>			
General fund	3,678	120,797	124,475
<b>Restricted funds</b>			
General fund	1,154,455	(37,737)	1,116,718
<b>TOTAL FUNDS</b>	<u>1,158,133</u>	<u>83,060</u>	<u>1,241,193</u>

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**16. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	423,327	(302,530)	120,797
<b>Restricted funds</b>			
General fund	2,407,973	(2,445,710)	(37,737)
<b>TOTAL FUNDS</b>	<u>2,831,300</u>	<u>(2,748,240)</u>	<u>83,060</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.21 £	Net movement in funds £	At 31.3.23 £
<b>Unrestricted funds</b>			
General fund	3,678	30,387	34,065
<b>Restricted funds</b>			
General fund	1,154,455	86,749	1,241,204
<b>TOTAL FUNDS</b>	<u>1,158,133</u>	<u>117,136</u>	<u>1,275,269</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	691,055	(660,668)	30,387
<b>Restricted funds</b>			
General fund	5,364,752	(5,278,003)	86,749
<b>TOTAL FUNDS</b>	<u>6,055,807</u>	<u>(5,938,671)</u>	<u>117,136</u>

RAHMA (MERCY)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023

**17. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 March 2023.