

Ar-Rahmah Trust

Annual Report 2022

Trustees Report and Financial Statements For the year ended 31 March 2022



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Ar-Rahmah Trust Trustees' report for the year ended 31 March 2022

The trustees present their report and the financial statements of the charity for the year ended 31 March 2022. The financial statements have been prepared based on the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document.

Reference and administrative details of the charity

Charity registration number

1121296

Correspondence address

Office 3, First Floor
437-441 Coventry Road
Small Heath
Birmingham

Trustees

M Asif (Chair)
Zaka Ullah Saleem (Secretary)
Imran Khan

Bankers

Al Rayan Bank
394 Coventry Road
Birmingham
B10 OUF

Independent examiner

Mainstream Accountancy Services
527 Moseley Road
Birmingham
B12 9BU

Message from Chairman

This year the COVID-19 pandemic and the measures taken to contain it have undoubtedly impacted the charity's financial and economic activity. The charity has seen a decrease in the overall income in this financial period due to issues outside of the charity's control.

The charity's greatest setback was due to TSB bank unexpectedly closing the main bank account in January 2021, without any notice and neither any reason. This caused the temporary inability to transfer funds abroad because of the restrictions placed by Ar-Rayan Bank and consequently the very limited fund raising which resulted in a lower income than previous years. This also resulted in losing the many standing orders from the long-term regular donors because TSB bank did not give any time to transfer these standing orders to an alternative bank account. It seems that TSB's account closure affected the charity's reputation within the banking sector, as several attempts were made to open an alternative bank account with a couple of other banks, but the applications were refused without any reason given.

This resulted in reduced fundraising activities for various projects and increased partnerships to deliver the aid as donated by the public. During this period the charity also explored and implemented in the reduction of overheads to keep costs to a minimum until a permanent solution was found.

The covid pandemic restrictions also affected the overall income of the charity for the year end March 2022. The charity was unable to fully execute the fundraising plans. However, it continues to focus on core projects including food aid, water aid, orphans and poverty alleviation with core focus remaining on the needy people of Pakistan.

The COVID-19 pandemic measures in Pakistan impacted the charity's work in continuing to provide education and accommodation for orphan girls in its school in Rawalpindi. Consequently, this operation was closed down.

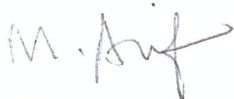
From the 1st April 2021 to 31st March 2022 the following activities were carried out:

- Annual Ramadan Be the 1 food parcels campaign
- Annual Ramadan Water campaign
- Annual Ramadan Zakat ul Fitr campaign
- Social media and direct promotion of the Qurbani project in Pakistan
- Fundraising and promotional activities for the yearly Eye Camps
- Social Media and donor relations activity to generate donations for the charity's projects

Income in Ramadan 2021 was £79,595.81 which was 63% lower than the previous year. However, the charity continued to generate funds in a limited manner and identified partners who could deliver aid on behalf of the charity. Al-Midrar Institute was identified as a partner on the ground in Pakistan who delivered the annual Ramadan projects.

Income in Ramadan 2021 was £79,595.81 which was 63% lower than the previous year however the charity continued to generate funds in a limited manner and identified partners who could deliver aid on behalf of the charity. Al Midrar Institute were identified as a partner on the ground in Pakistan who delivered the annual Ramadan project.

The trustees are hopeful that these obstacles can be overcome in the following financial year and the charity can resume its work on the construction of The Orphan Boarding Complex in Warburton and its other ongoing charitable projects in Pakistan which are a lifeline for many very poor, vulnerable and needy recipients.



Mohammed Asif
Chairman Trustee

Highlights of the year

- Ramadan Be the one campaign in which over 400 food parcels were distributed elevating the hunger of 2750 people.
- Qurbani 2021 campaign was performed in interior Sindh, Pakistan with the meat distributed across 9 cities to the poor and needy.
- An Eye camp was run successfully in Pakistan to alleviate the suffering of poor people. The eye camp treated patients in need of cataract surgery.

About Ar-Rahmah Trust

Ar Rahmah Trust has steadily continued to expand its projects meeting the needs of orphans, widows, the poor and destitute across the world, providing them with education, health, food aid, livelihood support and most importantly empowering people with the essential knowledge and skills needed to build their own future with dignity and self-respect.

The charity aims to focus its attention on providing continuous and sustained assistance and support to orphans, poor and vulnerable women through sustainable development programmes, ensuring that they receive long term support and provision throughout the course of their lives, helping them to rebuild their future, as well as their self-esteem, bringing into their lives more optimism and purpose. Alongside this the charity also aims to prevent or in certain cases contribute to the prevention and relief of poverty across the world.

Objectives and activities

a. Summary of objectives

The objectives of the charity as set out in its Trust Deed are as follows:

1. the advancement of education, relief of poverty and the promotion of good health anywhere in the world
2. the relief of suffering amongst victims of natural or other kinds of disaster anywhere in the world
3. for such general charitable purposes anywhere in the world as the trustees may deem fit from time to time.

b. Activities for achieving objectives

During the year, the charity achieved its objectives as stated in its governing document by undertaking the following charitable activities:

1. Food aid
2. Education
3. Supporting orphans
4. Healthcare
5. Community empowerment

Structure, governance and management

a. Governing document

The charity is governed by its Trust deed which was adopted by the trustees on 2nd October 2007 and subsequently amended on 29th June 2008.

b. Method of appointment and induction of new trustees

New trustees are appointed by existing trustees and are briefed on their legal obligations under charity law, the content of the Trust Deed and recent performance of the charity.

c. Organisational structure and decision making

Ar-Rahmah Trust is a UK based charity that works with a number of partner organisation overseas through which it delivers programmes supporting Community Empowerment, Education, Food Aid, Healthcare and Orphans. The board of Trustees of the charity oversee the running of the charity on a day-to-day basis. All operational decisions are made at board meetings which are held frequently through the year.

d. Risk management

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems and procedures are in place to mitigate our exposure to those risks.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in England and Wales requires the trustee(s) 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 of the charity 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 principals of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and;
- 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 the financial position of the charity and to enable them to ascertain to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, 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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing preparation and dissemination of financial statements.

This report was approved by the Trustees on 15 January 2023 and signed on their behalf by:

M Asif
Trustee

Independent examiner's Report to the Trustees of Ar-Rahmah Trust

I report on the accounts of the Trust for the year ended 31 March 2022, which are set out on pages 9 to 18.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the commission under section 145(5)(b) of the 2011 Act;
- to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

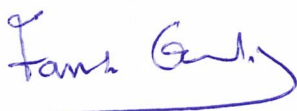
Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

have not been met or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



F B B Galia BSc (Hons), FCA

MAS (Bham) Ltd T/A Mainstream Accountancy Services
New Inn Business Centre
527 Moseley Road
Birmingham
B12 9BU

15 January 2023

Statement of financial activities
for the year ended 31 March 2022

		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	Note	2022 £	2022 £	2022 £	2021 £
Incoming and endowments					
Donations	2	30,109	144,778	174,887	503,635
Charitable activities	3	-	-	-	-
Other		-	-	-	-
Total incoming resources		30,109	144,778	174,887	503,635
Expenditure					
Raising funds	4	23,496	13,990	37,486	79,712
Charitable activities	5	20,196	41,231	61,427	220,695
Total resources expended		43,692	55,221	98,913	300,407
Net incoming resources before transfers		(13,583)	89,557	75,974	203,228
Gross transfers between funds	14	-	-	-	-
Net movement in funds for the year		(13,583)	89,557	75,974	203,228
Total funds brought forward	14	49,586	538,752	588,338	385,110
Total funds carried forward	14	36,003	628,309	664,312	588,338

All activities relate to continuing operations.

The notes on pages 11 to 18 form part of these financial statements.

Balance sheet at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	1,034	782
		1,034	782
Current assets			
Debtors	12	11,784	34,287
Cash at bank and in hand		652,330	561,891
		664,114	596,178
Creditors: amounts falling due within one year	13	(836)	(8,622)
Net current assets		663,278	587,556
Net assets		664,312	588,338
Charity Funds			
Unrestricted Funds	14	36,002	49,586
Restricted Funds	14	628,310	538,752
Equity shareholders' funds		664,312	588,338

The financial statements were approved by the Trustees on 15 January 2023 and signed on their behalf by

M Asif

Trustee

Notes to the financial statements

for the year ended 31 March 2022

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1. Basis of preparation of financial statements

The financial statements have been prepared under the historic cost convention in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

1.2. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition to FRS 102 there were no changes in accounting policies that had an impact on previously reported balances under UK GAAP. Consequently, no restatement of previously reported balances under the previous GAAP was required.

1.3. Fund Accounting

General funds are unrestricted funds which 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 are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

1.4. Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1. Accounting policies (continued)

1.5. Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations, gifts and grants that provide core funding or are of general nature, are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from Charitable Activities - Including income recognised as earned from the related goods or services which are provided.

1.6. Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Charitable Activities include those costs that are directly related to the objectives of the charity.

Governance costs include those incurred in the governance of its assets and are primarily associated with constitutional and statutory requirements.

Support Costs for a single activity are allocated directly to that activity. Where support costs relate to several activities they have been apportioned on the basis of resources consumed by those activities. In allocating the support costs, the trustees have ensured that the costs are expended utilising the unrestricted funds available and consequently no restricted funds have been used in this respect.

1.7. Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	- 15% reducing balance
Computers and office equipment	- 35% straight line on cost

1.8. Taxation

As a registered charity, the charity is exempt from Income and Corporation tax to the extent that its income and gains are applicable to the charitable purposes only.

Notes to the financial statements
for the year ended 31 March 2022 (continued)

2. Income from donations

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Donations	19,712	144,778	164,490	473,023
Gift Aid	10,397	-	10,397	30,612
	30,109	144,778	174,887	503,635

3. Income from charitable activities

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Community Empowerment	-	-	-	-
Food Aid	-	-	-	-
	-	-	-	-

4. Raising funds

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Fundraising and publicity	23,496	13,990	37,486	79,712
	23,496	13,990	37,486	79,712

Notes to the financial statements
for the year ended 31 March 2022 (continued)

5. Analysis of resources expended by charitable activity

Expenditure can be summarised as:

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Community empowerment	1,211	2,498	3,709	27,494
Education	-	-	-	7,041
Emergency relief	-	-	-	9,382
Food aid	11,946	24,212	36,158	72,233
Healthcare			-	4,949
Supporting orphans			-	51,271
Water aid	7,039	14,521	21,560	48,325
	20,196	41,231	61,427	220,695

6. Analysis of resources expended by activity type

	Activities undertaken directly 2022 £	Grant funding of activities 2022 £	Support and governance costs 2022 £	Total funds 2022 £	Total funds 2021 £
Cost of generating volume income					
Fundraising and publicity	12,299	-	25,187	37,486	79,712
Charitable activities					
Community empowerment	240	1,948	1,521	3,709	27,494
Education	-	-	-	-	7,041
Emergency relief	-	-	-	-	9,382
Food aid		21,332	14,826	36,158	72,233
Healthcare	-	-	-	-	4,949
Supporting orphans	-	-	-	-	51,271
Water aid	-	12,720	8,840	21,560	48,325
	240	36,000	25,187	61,427	220,695
Total	12,539	36,000	50,374	98,913	300,407

Notes to the financial statements
for the year ended 31 March 2022 (continued)

7. Grants payable

	Grants to Institutions £	Grants to individuals £
Community empowerment	1,948	-
Education	-	-
Emergency relief	-	-
Food aid	21,332	-
Healthcare	-	-
Supporting orphans	-	-
Water aid	12,720	-
	36,000	-
Recipients of institutional grant(s) were as follows:	Total	Total
	2022	2021
	£	£
Ar-Rahmah Trust (Pakistan)	-	128,859
Al-Midrar	13,180	-
Ethar Relief	-	4,000
Global Relief Trust	-	1,825
Muslims In Need	22,820	23,885
Saba Relief	-	2,421
	36,000	160,990

8. Support and governance costs

	Fundraising costs	Charitable activities	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Support costs				
Management and administration	21,287	21,287	42,574	62,055
Governance costs				
Legal costs	3,900	3,900	7,800	5,400
Total	25,187	25,187	50,374	67,455

Notes to the financial statements
for the year ended 31 March 2022 (continued)

9. Net incoming resources

	2022	2021
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets - owned by the charity	398	309
	398	309

10. Staff costs

	2022	2021
	£	£
Wages and salaries	1,976	25,022
Social security costs	171	2,068
	2,147	27,090

During the year, the charity had 1 (2021: 2) full time equivalent and a number of casual employees.

The Trust consists of its key management personnel, the trustees, and the Chief Executive Officer. The total employment benefits paid to its key management personnel were £1,976 (2021: £25,022). No employees had benefits in excess of £60,000 (2021: Nil).

During the year, no trustees received any remuneration or benefits in kind (2021: Nil).

During the year, the trustees received £796 in reimbursement of expenses (2021: £298).

11. Tangible fixed assets

	Assets under the course of construction	Fixtures & fittings	Computers & office equipment	Total
	£	£	£	£
Cost				
At 1 April 2021	-	995	2,503	3,498
Additions	-	-	650	650
At 31 March 2022	-	995	3,153	4,148
Depreciation				
At 1 April 2021	-	995	1,721	2,716
Charge for the year	-	-	398	398
At 31 March 2022	-	995	2,119	3,114
Net book value				
At 31 March 2022	-	-	1,034	1,034
At 31 March 2021	-	-	782	782

Notes to the financial statements
for the year ended 31 March 2022 (continued)

12. Debtors

	2022	2021
	£	£
Other debtors	10,384	29,737
Prepayments & accrued income	1,400	4,550
	11,784	34,287

13. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	695	6,786
Other creditors	-	1,580
Salaries and social security	141	256
Accruals & deferred income	-	-
	836	8,622

Notes to the financial statements
for the year ended 31 March 2022 (continued)

14. Statement of funds

Year ended 31 March 2022

	Brought forward	Incoming resources	Resources expended	Transfers in/(out)	Carried forward
	£	£	£	£	£
Unrestricted funds	49,586	30,109	(43,692)	-	36,003
Total unrestricted funds	49,586	30,109	(43,692)	-	36,003
Restricted funds					
Ar-Rahmah Mosque fund	-				-
Family sponsorship	4,741	4,916	(2,391)		7,266
Fidyah	2,090	931	(559)		2,462
Health	13,022	3,902	(1,429)		15,495
Orphans	369,778	44,557	(12,222)		402,113
Pakistan Need to Feed	6,571	-	-		6,571
Quran Memorisation	-	5,720	(115)		5,605
Qurbani	-	4,994	(4,994)		-
Ramadaan food programme	29	6,287	(6,228)		88
Self-reliance scheme	-	931	(6)		925
Syria	126	-	-		126
Uyghur Refugees	1,068	-	-		1,068
Yemen Need to Feed	1,109	190	(4)		1,295
Water pump	40,279	10,335	(15,241)		35,373
Zakat	96,938	56,399	(10,437)		142,900
Zakat Al-Fitr	530	1,105	(1,475)		160
Where Most Needed	2,471	4,512	(120)		6,863
	538,752	144,779	(55,222)	-	628,309
Total funds 2022	588,338	174,887	(98,913)	-	664,312