

Ar-Rahmah Trust

Annual Report 2023

Trustees Report and Financial Statements For the year ended 31 March 2023



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Ar-Rahmah Trust Trustees' report for the year ended 31 March 2023

The trustees present their report and the financial statements of the charity for the year ended 31 March 2023. 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

In January 2021, the charity suffered a devastating setback because the TSB bank unexpectedly and surprisingly closed the charity's main bank account. This was without any notice or any reason provided. Ar-Rahmah Trust is currently banking with Al-Rayan Bank, but it does not facilitate the transfer of funds abroad. This restriction has substantially impacted the charity's fundraising activities. Therefore, sadly, the charity has seen a substantial reduction in income this year again.

Despite many attempts to open a new bank account with various banks and money exchange companies, the charity struggled in sending funds abroad to carry out its projects. It was an extremely disappointing and frustrating year for the trustees.

However, through short term partnerships with other organisations, the charity managed to deliver the following projects:

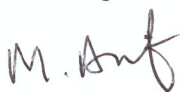
- Eye Camp
- Ramadhan Food Distribution
- Zakat ul Fitr Distribution
- Water Projects

Over recent years the charity has also seen Pakistani banks reluctant to accept funds from charitable organisations abroad due to certain policies the government has implemented.

The restrictions placed by the banking sectors in the UK and Pakistan have hampered the transfer of funds from the UK and therefore hindered the construction of the Ar-Rahmah Orphan Complex for which the donors have donated very generously.

The charity assures the donors that the land purchased for this project is still in its possession and it aims to complete the project by teaming up with another charity here in the UK.

There were some legal issues regarding certain claimants to some of the land but the charity has a legal team in Pakistan dealing with these matters and hopes to resolve them very soon so that the project can continue and fulfil the aspirations of so many of the donors who sacrificed much earned contributions in order to provide educational opportunities for deprived orphans in Pakistan.



Mohammed Asif
Chairman Trustee

About Ar-Rahmah Trust

Ar Rahmah Trust has maintained its projects meeting the needs of orphans, widows, the poor and destitute 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. Water aid

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.

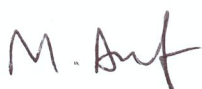
The law applicable to charities in England and Wales requires the trustee(s) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing 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 26 January 2024 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 2023, which are set out on pages 7 to 16.

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.

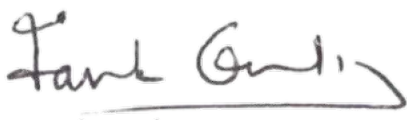
Independent examiner's statement

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

26 January 2024

Statement of financial activities

for the year ended 31 March 2023

		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	Note	2023 £	2023 £	2023 £	2022 £
Incoming and endowments					
Donations	2	26,998	93,344	120,342	174,887
Other		-	-	-	-
Total incoming resources		26,998	93,344	120,342	174,887
Expenditure					
Raising funds	4	16,662	8,991	25,653	37,486
Charitable activities	5	15,279	113,223	128,502	61,427
Total resources expended		31,941	122,214	154,155	98,913
Net incoming resources before transfers	3	(4,943)	(28,870)	(33,813)	75,974
Gross transfers between funds	14	(2,808)	2,808	-	-
Net movement in funds for the year		(7,751)	(26,062)	(33,813)	75,974
Total funds brought forward	14	40,846	628,310	669,156	588,338
Total funds carried forward	14	33,095	602,248	635,343	664,312

All activities relate to continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	-	1,034
			1,034
Current assets			
Debtors	12	-	11,784
Cash at bank and in hand		637,121	652,330
		637,121	664,114
Creditors: amounts falling due within one year	13	(1,778)	(836)
Net current assets		635,343	663,278
Net assets		635,343	664,312
Charity Funds/			
Unrestricted Funds	14	35,903	40,846
Restricted Funds	14	599,440	628,310
Equity shareholders' funds		635,343	669,156

The financial statements were approved by the Trustees on 26 January 2024 and signed on their behalf by

M Asif

Trustee

Notes to the financial statements

for the year ended 31 March 2023

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 2023 (continued)

2. Income from donations

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£	£	£	£
Donations	26,998	93,344	120,342	164,490
Gift Aid	-	-	-	10,397
	26,998	93,344	120,342	174,887

3. Stated net income

Although the accounts show a deficit during the year, the funding for the charitable activities had already been pledged and collected in prior year as shown in the brought forward funds of £669,156.

4. Raising funds

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£	£	£	£
Fundraising and publicity	16,662	8,991	25,653	37,486
	16,662	8,991	25,653	37,486

Notes to the financial statements
for the year ended 31 March 2023 (continued)

5. Analysis of resources expended by charitable activity

Expenditure can be summarised as:

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Community empowerment	-	-	-	3,709
Education	1,116	8,271	9,387	-
Food aid	9,023	66,862	75,885	36,158
Supporting orphans	3,234	23,968	27,202	-
Water aid	1,906	14,122	16,028	21,560
	15,279	113,223	128,502	61,427

6. Analysis of resources expended by activity type

	Activities undertaken directly 2023 £	Grant funding of activities 2023 £	Support and governance costs 2023 £	Total funds 2023 £	Total funds 2022 £
Cost of generating volume income					
Fundraising and publicity	3,784	-	21,869	25,653	37,486
Charitable activities					
Community empowerment	-	-	-	-	3,709
Education	-	7,789	1,598	9,387	-
Food aid	970	62,000	12,915	75,885	36,158
Supporting orphans	425	22,148	4,629	27,202	-
Water aid	-	13,300	2,728	16,028	21,560
	1,395	105,238	21,869	128,502	61,427
Total	5,179	105,238	43,739	154,155	98,913

Notes to the financial statements
for the year ended 31 March 2023 (continued)

7. Grants payable

	Grants to Institutions £	Grants to individuals £
Education	7,790	-
Food aid	62,000	-
Supporting orphans	22,148	-
Water aid	13,300	-
	105,238	-
Recipients of institutional grant(s) were as follows:	Total	Total
	2023	2022
	£	£
Ar-Rahmah Trust (Pakistan)	-	-
Ethar Relief	-	13,180
Global Aid Solution	29,938	-
Muslims In Need	54,050	22,820
Al-Midrar Institute	21,250	-
	105,238	36,000

8. Support and governance costs

	Fundraising costs	Charitable activities	Total funds	Total funds
	2023	2023	2023	2022
	£	£	£	£
Support costs				
Management and administration	21,869	21,869	43,738	42,574
Governance costs				
Legal costs	-	-	-	7,800
Total	21,869	21,869	43,738	50,374

The above figures for 2023 include salaries paid to employees of the Trust analysed further at note 10.

Notes to the financial statements
for the year ended 31 March 2023 (continued)

9. Net incoming resources

	2023	2022
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets - owned by the charity	1,034	398
	1,034	398

10. Staff costs

	2023	2022
	£	£
Wages and salaries	23,760	1,976
Social security costs	1,976	171
	25,736	2,147

During the year, the charity had 2 (2022: 1) full time equivalent and a number of casual employees.

The Trust consists of its key management personnel, the trustees, and the General Manager. No employees had benefits in excess of £60,000 (2022: Nil).

During the year, no trustees received any remuneration or benefits in kind (2022: Nil).

During the year, the trustees received no reimbursement of expenses (2022: £796).

11. Tangible fixed assets

	Assets under the course of construction	Fixtures & fittings	Computers & office equipment	Total
	£	£	£	£
Cost				
At 1 April 2022	-	995	3,153	4,148
Additions	-			
At 31 March 2023	-	995	3,153	4,148
Depreciation				
At 1 April 2022	-	995	2,119	3,114
Charge for the year	-	-	1,034	1,034
At 31 March 2023	-	995	3,153	4,148
Net book value				
At 31 March 2023	-	-	-	-
At 31 March 2022	-	-	1,034	1,034

Notes to the financial statements
for the year ended 31 March 2023 (continued)

12. Debtors

	2023	2022
	£	£
Other debtors	-	10,384
Prepayments & accrued income	-	1,400
	-	11,784

13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	70	695
Other creditors	2,927	-
Salaries and social security	(1,219)	141
Accruals & deferred income	70	-
	1,778	836

Notes to the financial statements
for the year ended 31 March 2023 (continued)

14. Statement of funds

Year ended 31 March 2023

	Brought forward	Incoming resources	Resources expended	Transfers in/(out)	Carried forward
	£	£	£	£	£
Unrestricted funds	40,846	26,998	(31,941)	(2,808)	33,095
Total unrestricted funds	40,846	26,998	(31,941)	(2,808)	33,095
Restricted funds					
Family sponsorship	7,266	2,577	(56)	-	9,787
Fidyah	2,462	335	(2,467)	-	330
Health	15,495	6,428	(2,786)	-	19,137
Orphans	100,810	17,553	(1,425)	-	116,938
Orphans - Boarding complex	301,303	600	(22,163)	-	279,740
Quran Memorisation	5,605	3,222	(7,848)	-	979
 Qurbani	 -	 1,810	 (4,618)	 2,808	 -
Ramadan food programme	9,022	2,074	(2,077)	-	9,019
Water pump	35,373	22,097	(20,322)	-	37,148
Where Most Needed	7,914	3,504	(7,155)	-	4,263
Zakat	142,900	32,216	(50,219)	-	124,897
Zakat Al-Fitr	160	928	(1,077)	-	10
	628,310	93,344	(122,214)	2,808	602,248
Total funds 2023	669,156	120,342	(154,155)	-	635,343