

Charity registration number: 1121296

Ar-Rahmah Trust

Annual Report and Financial Statements
for the Year Ended 31 March 2025

Ar-Rahmah Trust

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Ar-Rahmah Trust

Reference and Administrative Details

Chairman	Mohammed Asif
Trustees	Mohammed Asif Imran Khan Zaka Ullah Saleem
Secretary	Zaka Ullah Saleem
Principal Office	203 St. Bernards Road SOLIHULL West Midlands B92 7DL
Charity Registration Number	1121296
Independent Examiner	Nasir Rafiq Independent examiner Bradfort Court 123-131 Bradfort Street Birmingham B12 ONS

Ar-Rahmah Trust

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2025.

Objectives and activities

Objects and aims

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.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

Message from Chairman

This year the charity has seen very low activity mainly due to the inability to transfer funds abroad. The charity banks with Al-Rayan Bank but with many restrictions in place which limits its operations in the UK such as fundraising as well as sending funds overseas.

The charity has made many attempts to open a bank account with various banks but without success so far. At the moment the charity is waiting for a decision by Barclays Bank regarding its application initiated several months ago. If that is successful it would make things easier for the charity.

The charity has been exploring the possibility of working in partnership with a local charity in order to continue the projects which came to a halt after the TSB bank account closure. There are a couple of charities that have offered to work with it. Due diligence checks are being carried out at the time of writing with a memorandum of understanding agreement to be set up. This is particularly important regarding the Ar-Rahmah School construction project, which the charity hopes to complete in the near foreseeable future.

On the note of the Ar-Rahmah School construction project, the good news is that most of the false cases made against the land of the project have been resolved. The whole land being in possession of the charity and all of it has been secured by a boundary wall. The next step is to establish a partnership with a local charity and complete the project.

No active fund-raising campaigns took place this year due to the restrictions on transferring money abroad without a suitable bank account. However, the charity managed to secure some funds for zakat, orphans, Zakat-ul-Fitr and some unrestricted funds which were disbursed and expended in Pakistan.

Structure, governance and management

Nature of governing document

The charity is set up by way of a Trust deed dated 02 October 2007, as amended by special resolution dated 29 June 2008. The charity registered with the Charity Commission on the 18 October 2007 (Registration number 1121296).

Ar-Rahmah Trust

Trustees' Report

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

Cash flow risk

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

30 January 2026

The annual report was approved by the trustees of the charity on and signed on its behalf by:



.....
Mohammed Asif
Chairman and Trustee

Ar-Rahmah Trust

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities 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 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 principles in the Charities 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; 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 that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees 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 the trustees of the charity on and signed on its behalf by:

.....
Mohammed Asif
Chairman and Trustee

Ar-Rahmah Trust

Independent Examiner's Report to the trustees of Ar-Rahmah Trust

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2025 which are set out on pages 6 to 17.

Respective responsibilities of trustees and examiner

As the charity's trustees of Ar-Rahmah Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Ar-Rahmah Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of Ar-Rahmah Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Nasir Rafiq

.....
Nasir Rafiq
Independent examiner
ICAEW

Bradfort Court
123-131 Bradfort Street
Birmingham
B12 0NS

30 January 2026
Date:.....

Ar-Rahmah Trust

Statement of Financial Activities for the Year Ended 31 March 2025


	Note	Unrestricted funds £	Restricted funds £	Total 2025 £
Income and Endowments from:				
Donations and legacies		36,641	8,010	44,651
Expenditure on:				
Charitable activities		<u>(18,466)</u>	<u>(12,565)</u>	<u>(31,031)</u>
Total expenditure		<u>(18,466)</u>	<u>(12,565)</u>	<u>(31,031)</u>
Net income/(expenditure)		<u>18,175</u>	<u>(4,555)</u>	<u>13,620</u>
Net movement in funds		18,175	(4,555)	13,620
Reconciliation of funds				
Total funds brought forward		<u>5,243</u>	<u>572,099</u>	<u>577,342</u>
Total funds carried forward	12	<u>23,418</u>	<u>567,544</u>	<u>590,962</u>
		Unrestricted funds £	Restricted funds £	Total 2024 £
	Note			
Income and Endowments from:				
Donations and legacies		<u>13,853</u>	<u>66,099</u>	<u>79,952</u>
Total income		<u>13,853</u>	<u>66,099</u>	<u>79,952</u>
Expenditure on:				
Raising funds		(15,794)	-	(15,794)
Charitable activities		<u>(40,283)</u>	<u>(81,876)</u>	<u>(122,159)</u>
Total expenditure		<u>(56,077)</u>	<u>(81,876)</u>	<u>(137,953)</u>
Net expenditure		<u>(42,224)</u>	<u>(15,777)</u>	<u>(58,001)</u>
Net movement in funds		(42,224)	(15,777)	(58,001)
Reconciliation of funds				
Total funds brought forward		<u>33,095</u>	<u>602,248</u>	<u>635,343</u>
Total funds carried forward	12	<u>(9,129)</u>	<u>586,471</u>	<u>577,342</u>

All of the charity's activities derive from continuing operations during the above two periods.

Ar-Rahmah Trust
(Registration number: 1121296)
Balance Sheet as at 31 March 2025

	Note	2025 £	2024 £
Current assets			
Cash at bank and in hand	10	622,944	599,947
Creditors: Amounts falling due within one year	11	<u>(31,982)</u>	<u>(22,605)</u>
Net assets		<u>590,962</u>	<u>577,342</u>
Funds of the charity:			
Restricted income funds			
Restricted funds		567,544	586,471
Unrestricted income funds			
Unrestricted funds		<u>23,418</u>	<u>(9,129)</u>
Total funds	12	<u>590,962</u>	<u>577,342</u>

The financial statements on pages 6 to 17 were approved by the trustees, and authorised for issue on 30 January 2026, and signed on their behalf by:


.....
Mohammed Asif
Chairman and Trustee

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

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 notes.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

Derivative financial instruments

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2025 £	Total 2024 £
Donations and legacies;				
Donations from individuals	36,641	8,010	44,651	79,952
	36,641	8,010	44,651	79,952

3 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Total 2025 £	Total 2024 £
Fundraising and Publicity	-	-	-	46,007
Education	-	-	-	170
Food Aid	-	-	-	876
Supporting orphans	-	7,275	7,275	56,390
Water Aid	-	5,290	5,290	882
Fidya	-	-	-	27,527
Health	-	-	-	1,814
General	17,026	-	17,026	1,837
Independent Examination	1,440	-	1,440	2,450
	18,466	12,565	31,031	137,953

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

In addition to the expenditure analysed above, there are also governance costs of £11,943 (2024 - £6,576) which relate directly to charitable activities. See note 4 for further details.

4 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total 2025 £	Total 2024 £
Independent examiner fees			
Examination of the financial statements	1,440	1,440	2,450
Legal fees	5,343	5,343	1,376
Other governance costs	6,600	6,600	2,750
	13,383	13,383	6,576

5 Grant-making

Analysis of grants

The support costs associated with grant-making are £Nil (31 March 2024 - £Nil).

Below are details of material grants made to institutions.

Name of institution	Activity	2025 £	2024 £
Ar - Rahmah Trust (Pakistan)		-	6,000
Invest in property		-	28,088
Global Aid Solution		-	-
Boarding Complex		7,275	-
Al-Midrar Institute		3,000	62,160
Others		2,290	-
		12,565	96,248

6 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

2025
£

7 Staff costs

The aggregate payroll costs were as follows:

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

2025
No

No employee received emoluments of more than £60,000 during the year

8 Independent examiner's remuneration

	2025 £	2024 £
Examination of the financial statements	<u>1,440</u>	<u>2,450</u>

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

9 Taxation

The charity is a registered charity and is therefore exempt from taxation.

10 Cash and cash equivalents

	2025 £	2024 £
Cash at bank	622,944	599,947

11 Creditors: amounts falling due within one year

	2025 £	2024 £
Other creditors	19,296	15,759
Accruals	12,686	6,846
	31,982	22,605

12 Funds

	Balance at 1 April 2024 £	Incoming resources £	Resources expended £	Balance at 31 March 2025 £
Unrestricted funds				
<i>General</i>				
General	5,243	36,641	(17,026)	24,858
Restricted funds				
Family Sponsorship	11,124	-	-	11,124
Fidya	(1,885)	-	-	(1,885)
Health	26,936	-	-	26,936
Orphans	122,798	-	-	122,798
Orphans - Boarding complex	225,637	3,555	(7,275)	221,917
Quran Memorisation	3,230	-	-	3,230
Qurbani	1,085	553	-	1,638
Ramadan Food Programe	12,661	-	-	12,661
Water Pump	44,320	3,902	(5,290)	42,932
Where Most Needed	9,227	-	-	9,227
Zakat	114,821	-	-	114,821
Zakat Al-Fitr	2,145	-	-	2,145
Total restricted funds	572,099	8,010	(12,565)	567,544
Total funds	577,342	44,651	(29,591)	592,402

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

	Balance at 1 April 2023 £	Incoming resources £	Resources expended £	Balance at 31 March 2024 £
Unrestricted funds				
General	33,095	13,853	(56,077)	(9,129)
Restricted funds	<u>602,248</u>	<u>66,099</u>	<u>(81,876)</u>	<u>586,471</u>
Total funds	<u>635,343</u>	<u>79,952</u>	<u>(137,953)</u>	<u>577,342</u>
	Balance at 1 April 2023 £	Incoming resources £	Resources expended £	Balance at 31 March 2024 £
Unrestricted funds				
<i>General</i>				
General	33,095	13,853	(41,705)	5,243
Restricted funds				
Family Sponsorship	9,787	1,392	(55)	11,124
Fidya	330	20	(2,235)	(1,885)
Health	19,137	9,139	(1,340)	26,936
Orphans	116,938	6,040	(180)	122,798
Orphans - Boarding complex	279,740	995	(55,098)	225,637
Quran Memorisation	979	2,295	(44)	3,230
Qurbani	-	1,608	(523)	1,085
Ramadan Food Programe	9,019	3,701	(59)	12,661
Water Pump	37,148	7,493	(321)	44,320
Where Most Needed	4,263	5,101	(137)	9,227
Zakat	124,897	25,971	(36,047)	114,821
Zakat Al-Fitr	<u>10</u>	<u>2,344</u>	<u>(209)</u>	<u>2,145</u>
Total restricted funds	<u>602,248</u>	<u>66,099</u>	<u>(96,248)</u>	<u>572,099</u>
Total funds	<u>635,343</u>	<u>79,952</u>	<u>(137,953)</u>	<u>577,342</u>

13 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds 2025 £
Current assets	55,400	567,544	622,944
Current liabilities	<u>(30,542)</u>	<u>-</u>	<u>(30,542)</u>
Total net assets	<u>24,858</u>	<u>567,544</u>	<u>592,402</u>

Ar-Rahmah Trust

Notes to the Financial Statements for the Year Ended 31 March 2025

	Unrestricted funds General £	Restricted funds £	Total funds 2024 £
Current assets	13,476	586,471	599,947
Current liabilities	(22,605)	-	(22,605)
Total net assets	(9,129)	586,471	577,342