# MERCY MISSION UK

England & Wales · Charity number 1122922

## Details

| | |
|---|---|
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 06380231 |
| **Registered** | 2008-02-22 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Bft<br>203 Westgate<br>Bradford<br>West Yorkshire<br>BD1 3AD |
| **Phone** | 07585859405 |
| **Email** | info@mercymission.org.uk |
| **Website** | www.mercymission.org.uk |

## Activities

**Objects:** 1) TO ADVANCE THE ISLAMIC FAITH FOR THE BENEFIT OF THE WORLDWIDE POPULATION THROUGH, AMONGST OTHER THINGS THE HOLDING OF EVENTS, LECTURES, PRODUCING AND/OR DISTRIBUTING A BROAD RANGE OF LITERATURE VIA A BROAD RANGE OF MEDIA IN ORDER TO ENLIGHTEN BOTH MUSLIMS AND NON MUSLIMS ABOUT ISLAM. (2) THE PREVENTION AND RELIEF OF POVERTY OR FINANCIAL HARDSHIP IN THE WORLD BY PROVIDING OR ASSISTING IN THE PROVISION OF GRANTS, ITEMS AND SERVICES TO INDIVIDUALS IN NEED AND/OR CHARITIES, OR OTHER ORGANISATIONS WORKING TO PREVENT OR RELIEVE POVERTY. (3) TO PROMOTE SOCIAL INCLUSION FOR THE PUBLIC BENEFIT BY WORKING WITH PEOPLE IN BOTH THE UK AND THE REST OF THE WORLD WHO ARE SOCIALLY EXCLUDED ON THE GROUNDS OF THEIR ETHNIC ORIGIN, RELIGION, BELIEF OR CREED (IN PARTICULAR, MEMBERS OF THE MUSLIM COMMUNITY) TO RELIEVE THE NEEDS OF SUCH PEOPLE AND ASSIST THEM TO INTEGRATE INTO SOCIETY. (4) THE PROMOTION OF RELIGIOUS HARMONY FOR THE BENEFIT OF THE PUBLIC; AND(5) TO ADVANCE ANY PURPOSE WHICH IS CHARITABLE UNDER THE LAWS OF ENGLAND AND WALES.

**Activities:** To build capacity amongst communities across Britain to better engage and build a more united civil society through uniting capital with community needs with professional donor advised fund service and custodian services to key stakeholders.To develop the capacity of the British Muslim community specifically

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to better participate in contemporary society and empower other minority groups.

## Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** General Charitable Purposes, The Prevention Or Relief Of Poverty, Human Rights/religious Or Racial Harmony/equality Or Diversity, Other Charitable Purposes
- **Who:** The General Public/mankind

## Geography

- **Area of benefit:** IN THE UK. IN PRACTICE IN THE UNITED KINGDOM AND AUSTRALIA.
- Canada
- Turkey
- United States
- Throughout England

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2024-12-31 | £23,494,674 | £21,657,071 | £8,314,103 | 4 |
| 2023-12-31 | £16,828,627 | £12,925,390 | £6,476,500 | 3 |
| 2022-12-31 | £12,826,288 | £10,862,712 | £2,573,263 | 3 |
| 2021-12-31 | £577,162 | £402,022 | £609,687 | 1 |
| 2020-12-31 | £228,459 | £157,191 | - | - |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| Dr Sahira Dar | | 2026-03-01 |
| Mohammed Saqub | | 2026-03-01 |
| SULTAN CHOUDHURY | | 2025-10-02 |
| Zainab Kidwai | | 2022-12-20 |

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**MERCY MISSION UK**

England & Wales - Charity number 1122922

# Accounts

**Charity registration number 1122922**

**Company registration number 06380231 (England and Wales)**

# MERCY MISSION UK

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2024


**PEARLMAN ROSE**

**Chartered Accountants & Statutory Auditors**

**Suite 1, First Floor**

**Jack Dash House**

**2 Lawn House Close**

**London E14 9YQ**


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# MERCY MISSION UK

## LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|---|---|
| **Trustees** | Mr M S Ikram<br>Ms F A Mohammad<br>Ms Z A Kidwai |
| **Secretary** | Ms A Imran<br>Mr M S Ikram |
| **Charity number** | 1122922 |
| **Company number** | 06380231 |
| **Registered office** | 203 Westgate<br>Bradford<br>England<br>BD1 3AD |
| **Auditor** | Pearlman Rose<br>Chartered Accountants & Statutory Auditors<br>Suite 1, First Floor<br>Jack Dash House<br>2 Lawn House Close<br>London<br>E14 9YQ |

# MERCY MISSION UK

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# MERCY MISSION UK

## CHAIRMAN'S STATEMENT

### *FOR THE YEAR ENDED 31 DECEMBER 2024*

**Foreword**

Despite the horrific challenges of 2024, Mercy Mission UK has continued to stand firm in its mission to serve the needy—both within our country and across the world. In times marked by uncertainty, economic strain, and humanitarian crises, we have remained unwavering in our belief that compassion, collaboration, and faith can light even the darkest of paths.

Over the past year, British Muslim civil society has shown remarkable resilience and maturity. What began as a modest network of charitable initiatives has now evolved into a sophisticated landscape of organisations, community associations, advocacy groups, and social enterprises. Together, they represent a vibrant ecosystem of service and hope, one that contributes positively and visibly to the fabric of modern British society. We have been honoured to work alongside many of these institutions—supporting their missions, strengthening their capacity, and learning from their incredible examples of dedication and integrity.

For Mercy Mission UK, 2024 was a year of both challenge and triumph. We were privileged to extend unprecedented levels of support to countless charitable endeavours led by British Muslims, empowering communities to respond to need with professionalism and purpose. Every grant made, every partnership forged, and every initiative launched was guided by our founding vision—to make faith a force for good in society.

As Chairman, I have sought to ensure that we continue to coordinate with all key stakeholders across the sector, encouraging collaboration, transparency, and shared learning. Our role is not only to strengthen Muslim organisations, but also to enhance the impact they have on the wider society they serve. I believe deeply that our success will be measured not simply in what we achieve as a community, but in how our actions uplift all those around us—Muslim and non-Muslim alike.

My fellow Trustees share this conviction wholeheartedly. Each brings a unique set of experiences and skills, united by a common goal: to build a more connected, capable, and confident community infrastructure for the future. Together, we strive to bring diverse actors around one table—to listen, to learn, and to lead collectively toward a stronger, fairer, and more compassionate Britain.

Looking ahead, we remain hopeful. The challenges of recent years have tested us, but they have also revealed our capacity for innovation and resilience. In 2025, we will redouble our efforts to serve with excellence, humility, and courage. We will also be expanding our leadership, inviting new Trustees and partners to join us in this vital work. The road ahead will demand creativity and unity, and we are determined to rise to the moment.

As always, we pray that Allah continues to guide our efforts, bless our partners, and enable Mercy Mission UK to be a source of light, hope, and lasting impact in the world.

.....

Mr M S Ikram

**Chairman**

Date: 31 / 10 / 2025 .....



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# MERCY MISSION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

## *FOR THE YEAR ENDED 31 DECEMBER 2024*

The trustees present their annual report and financial statements for the year ended 31 December 2024.

**Introduction**

The Trustees of **Mercy Mission UK** are pleased to present their report for the year 2024. This has been a year of exceptional progress and impact, defined by deepened partnerships, meaningful investment in community infrastructure, and the strengthening of the institutions that form the backbone of Muslim civil society in Britain.

At the heart of all our work remains the guiding vision of Mercy Mission UK: **to empower the British Muslim community to be a source of good for humanity**. Through capacity building, research, leadership development and philanthropic innovation, we continue to nurture the ecosystem of social impact organisations and leaders that sustain this vision.

**1. Expanding Our Impact: Grants to 130 Charities**

In 2025, Mercy Mission UK distributed **grants to 130 charitable organisations** across the United Kingdom, spanning a diverse range of causes—from poverty alleviation and mental health support, to education, youth leadership and refugee resettlement.

This milestone demonstrates not only the breadth of our engagement but also the trust placed in Mercy Mission UK as a responsible steward of donor funds. Each grant was made following careful due diligence and a commitment to long-term capacity building. Beyond funding, we continued to provide advisory support and facilitate collaboration between grantees, ensuring that resources translate into measurable and sustainable community outcomes.

Through this network of 130 grantees, Mercy Mission UK is helping shape a more connected and confident British Muslim civil society—one that is responsive, transparent, and accountable.

**2. A Global Partnership: Launching the Muslim Impact Forum**

This year also marked a defining step forward in Mercy Mission UK's international engagement. We successfully entered into a strategic partnership with the **Global Donors Forum**, one of the world's leading conveners of Muslim philanthropists, to **launch the Muslim Impact Forum**.

The Forum represents a pioneering space for dialogue and coordination among high-impact Muslim donors, foundations, and social investors. Its purpose is to align global philanthropic capital with the most pressing social and humanitarian challenges of our time, while amplifying the voice of Muslim philanthropy within the global social finance ecosystem.

Mercy Mission UK's leadership in co-designing and hosting the Forum reaffirms our commitment to ensuring that Muslim philanthropy is not only generous, but also strategic, data-driven, and aligned to the Sustainable Development Goals and broader ESG frameworks.

**3. Seeding the Future: The Launch of Equi**

Another landmark achievement this year was the **seed funding of Equi**, the **first British Muslim policy-focused think tank**.

Recognising that true social progress requires representation not only in charity and service delivery, but also in the shaping of public policy, Mercy Mission UK took the initiative to invest in Equi's establishment. This new institution will provide independent, evidence-based research and policy recommendations that address the needs and aspirations of Britain's Muslim communities.

By supporting Equi, we are helping to elevate informed discourse, strengthen democratic participation, and ensure that the British Muslim perspective contributes constructively to national debates on equality, inclusion and opportunity.



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**4. Strengthening Understanding: The British Muslim Civil Society Report**

Mercy Mission UK's **British Muslim Civil Society Report 2024** represents another milestone in our commitment to data-led strategy and impact measurement. The report—developed in collaboration with academic partners and sector experts—offers a comprehensive analysis of the needs, assets, and successes of British Muslim organisations nationwide.

The findings are both encouraging and instructive. They show a community of civic actors who are increasingly professionalised, innovative, and outward-looking. At the same time, they highlight continued gaps in infrastructure, governance capacity, and access to mainstream funding.

This work has reaffirmed Mercy Mission UK's central role as a knowledge leader in the field of Muslim civil society development, helping both donors and institutions make better-informed decisions for the collective good.

**5. Investing in People: The Future Leaders Program**

We were delighted to welcome another **cohort of high-performing young Muslim professionals** into the **Future Leaders Program**—our flagship leadership development initiative.

Through structured mentorship, experiential learning, and exposure to best practice in governance and social entrepreneurship, the program continues to nurture a new generation of Muslim leaders equipped to serve with integrity, excellence, and a global outlook.

The alumni network now represents one of the most dynamic communities of purpose-driven Muslim professionals in the UK, many of whom are already leading charitable, corporate, and public sector institutions.

**Civil Society at the Heart of Our Mission**

The Trustees reaffirm that the **development of British Muslim civil society** remains at the core of Mercy Mission UK's purpose. Strong, transparent, and collaborative institutions are essential for lasting social change. Our work therefore extends beyond charity—to building the infrastructure of collective action, thought leadership, and ethical stewardship that underpin a flourishing civil society.

We take pride in being a bridge between donors and implementers, between local communities and national frameworks, and between faith inspiration and professional execution.

**Philanthropic Innovation: The Donor Advised Fund**

This year also saw remarkable progress in the growth and refinement of Mercy Mission UK's **Donor Advised Fund (DAF) facility**. The DAF has provided donors with a trusted, compliant, and efficient platform to manage their giving strategically—enabling both immediate charitable disbursements and long-term impact planning.

All **legal and regulatory updates** required to optimise the DAF's operation have been completed, ensuring continued alignment with Charity Commission and HMRC guidance. The Trustees commend the team for building one of the most transparent and user-friendly faith-based donor vehicles in the sector.

This facility now stands as a cornerstone of our wider ambition: to create an intelligent ecosystem for Muslim philanthropy that combines spiritual motivation with professional excellence.



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**Looking Ahead**

As we reflect on this remarkable year, the Trustees express their gratitude to our donors, partners, volunteers, and team members. Each of our achievements—whether the launch of a global forum, the founding of a new think tank, or the development of a new leader—speaks to a collective commitment to service.

In the coming year, Mercy Mission UK will continue to expand its strategic grantmaking, enhance the DAF offering, and invest further in research and leadership. Our direction is clear: to help shape a resilient, values-driven Muslim civil society that contributes meaningfully to Britain and the wider world.

Together, we remain, as ever, **making waves in social impact**.

**Objectives and activities**

Our charity is guided by Islamic principles and is committed to enhancing civil society through grants to organisations that promote social justice, education, health, and community development, both in the UK and selected international locations.

We aim to support initiatives that empower communities, promote well-being, and foster social cohesion in accordance with our values, the legislative rules of Zakat and principles of good community service. We have three key drivers as we continue our growth as a donor advised fund, and are seeking to ensure every pound we spend is in line with our strategic priorities, which we have identified as:

- Support Civil Society: Provide financial assistance to civil society organisations working in areas such as education, health care, and social services.
- Promote Social Justice and Development: Fund projects that address inequality, discrimination, and promote human rights, while enabling humanitarian assistance where needed.
- Encourage Community Engagement: Empower local communities through initiatives that foster collaboration and participation.

**Structure, governance and management**

The charity is a company limited by guarantee and incorporated under the Companies Act 2006. The company's governing document is its Articles of Association. The companies charity number is 1122922 with its company number of 06380231.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M S Ikram
Ms F A Mohammad
Mr I Mansha (Resigned 31 December 2024)
Ms Z A Kidwai

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The charity is governed by a board of Trustees who meet regularly to oversee operations, ensure compliance with regulatory requirements, and guide the strategic direction of the organisation. The board seeks to meet on a quarterly cycle and seeks to ensure more regular oversight through a monthly Chairman-CEO engagement. This enables optimal agility and for the organisation to take a balanced approach to taking advantage of opportunities that emerge while staying focussed on its strategic plan.

Our financial management practices ensure transparency and accountability. The charity's accounts are independently audited, and we adhere to the principles set forth by the Charity Commission.



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**Financial review**

The Statement of Financial Activities on page 11 shows a net surplus of £1,832,765 (2023: £3,903,237).

The trustees consider the state of the charity's affairs to be satisfactory.

At the year end, overall reserves totalled £8,309,265 (2023: £6,476,500). The charity retains reserves as a contingency against operational risks and for investment in strategic projects.

*Reserves policy*

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

**Auditor**

In accordance with the company's articles, a resolution proposing that Pearlman Rose be reappointed as auditor of the company will be put at a General Meeting.

**Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

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Mr M S Ikram

**Trustee**

Date: 31 / 10 / 2025



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# MERCY MISSION UK

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 DECEMBER 2024*

The trustees, who are also the directors of MERCY MISSION UK for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company for that year.

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 UK 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 operation.

The trustees are responsible for keeping adequate 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 Companies Act 2006. 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.



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# MERCY MISSION UK

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MERCY MISSION UK

**Opinion**

We have audited the financial statements of MERCY MISSION UK (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 *Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.



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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of Trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the Trust and the charitable sector in which it operates, and considered the risk of acts by the Trust that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK Charity legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal professionals. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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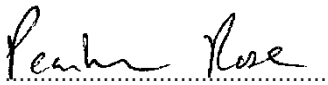
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## TO THE MEMBERS OF MERCY MISSION UK

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Mohammad Jilani (Senior Statutory Auditor)**
**for and on behalf of Pearlman Rose**

**Chartered Accountants &**
**Statutory Auditor**

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2 Lawn House Close
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E14 9YQ

31 / 10 / 2025



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# MERCY MISSION UK

## STATEMENT OF FINANCIAL ACTIVITIES

### *FOR THE YEAR ENDED 31 DECEMBER 2024*

| | Notes | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Endowment funds 2024 £ | Total 2024 £ | Total 2023 £ |
|---|---|---|---|---|---|---|
| **Income from:** | | | | | | |
| Donations and legacies | **3** | 1,017,797 | 21,614,935 | - | 22,632,732 | 16,365,939 |
| Charitable activities | **4** | 605,977 | 170,470 | - | 776,447 | 408,580 |
| Investments | **5** | 85,495 | - | - | 85,495 | 54,108 |
| **Total income and endowments** | | 1,709,269 | 21,785,405 | - | 23,494,674 | 16,828,627 |
| **Expenditure on:** | | | | | | |
| Raising funds | **6** | - | - | - | - | 25,951 |
| Charitable activities | **7** | 1,068,057 | 20,446,634 | - | 21,514,691 | 12,843,395 |
| Other expenditure | **12** | - | 142,380 | - | 142,380 | 56,044 |
| Total expenditure | | 1,068,057 | 20,589,014 | - | 21,657,071 | 12,925,390 |
| **Net income and movement in funds** | | 641,212 | 1,196,391 | - | 1,837,603 | 3,903,237 |
| **Reconciliation of funds:** | | | | | | |
| Fund balances at 1 January 2024 | | 603,048 | 5,823,442 | 50,010 | 6,476,500 | 2,573,263 |
| **Fund balances at 31 December 2024** | | 1,244,260 | 7,019,833 | 50,010 | 8,314,103 | 6,476,500 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.



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# MERCY MISSION UK

## BALANCE SHEET

### *AS AT 31 DECEMBER 2024*

| | Notes | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **14** | | 13,622 | | 20,433 |
| Tangible assets | **15** | | 1,748,141 | | 1,501,953 |
| Investments | **16** | | 2,620,191 | | 325,010 |
| | | | 4,381,954 | | 1,847,396 |
| **Current assets** | | | | | |
| Debtors | **17** | 115,531 | | 19,810 | |
| Cash at bank and in hand | | 5,124,945 | | 6,033,679 | |
| | | 5,240,476 | | 6,053,489 | |
| **Creditors: amounts falling due within one year** | **19** | (343,946) | | (410,377) | |
| **Net current assets** | | | 4,896,530 | | 5,643,112 |
| **Total assets less current liabilities** | | | 9,278,484 | | 7,490,508 |
| **Creditors: amounts falling due after more than one year** | **20** | | (964,381) | | (1,014,008) |
| **Net assets** | | | 8,314,103 | | 6,476,500 |
| **The funds of the charity** | | | | | |
| Endowment funds | **22** | | 50,010 | | 50,010 |
| Restricted income funds | **23** | | 7,019,833 | | 5,823,442 |
| Unrestricted funds | **24** | | 1,244,260 | | 603,048 |
| | | | 8,314,103 | | 6,476,500 |

The financial statements were approved by the trustees on 31 / 10 / 2025

.....
Mr M S Ikram
**Trustee**

Company registration number 06380231 (England and Wales)



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# MERCY MISSION UK

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 DECEMBER 2024*

| | Notes | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **27** | | 1,605,381 | | 4,123,935 |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | | (258,010) | | (110,000) | |
| Purchase of investments | | (2,295,181) | | (325,010) | |
| Investment income received | | 85,495 | | 54,108 | |
| **Net cash used in investing activities** | | | (2,467,696) | | (380,902) |
| **Financing activities** | | | | | |
| Proceeds from new bank loans | | - | | 237,321 | |
| Repayment of bank loans | | (46,419) | | (64,791) | |
| **Net cash (used in)/generated from financing activities** | | | (46,419) | | 172,530 |
| **Net (decrease)/increase in cash and cash equivalents** | | | (908,734) | | 3,915,563 |
| Cash and cash equivalents at beginning of year | | | 6,033,679 | | 2,118,116 |
| **Cash and cash equivalents at end of year** | | | 5,124,945 | | 6,033,679 |



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**1 Accounting policies**

**Charity information**

MERCY MISSION UK is a private company limited by guarantee incorporated in England and Wales. The registered office is 203 Westgate, Bradford, BD1 3AD, England.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Charities SORP "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). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

**1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income that is generated in Ramadan and not expended during the accounting period is carried forward as a surplus and expended in the following accounting period.



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**1 Accounting policies** **(Continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

**1.6 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.7 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Development costs | 3-4 years straight line |

**1.8 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Freehold land and buildings | Not depreciated |
| Fixtures and fittings | 20-33% straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

**1.9 Fixed asset investments**

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.



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**1 Accounting policies** **(Continued)**

**1.10 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**1.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.12 Financial instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**1.13 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



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**1 Accounting policies** **(Continued)**

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**2 Critical accounting estimates and judgements**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Income from donations and legacies**

| | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Total 2024 £ |
|---|---|---|---|
| Donations and gifts | 1,017,797 | 21,614,935 | 22,632,732 |

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ |
|---|---|---|---|
| Donations and gifts | 701,593 | 15,614,336 | 16,365,939 |
| | 701,593 | 15,614,336 | 16,365,939 |



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## 4 Income from charitable activities

| | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Total 2024 £ | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ |
|---|---|---|---|---|---|---|
| Services provided under contract | 605,977 | - | 605,977 | 237,249 | - | 237,249 |
| Charitable rental income | - | 170,470 | 170,470 | - | 171,331 | 171,331 |
| | 605,977 | 170,470 | 776,447 | 237,249 | 171,331 | 408,580 |

## 5 Income from investments

| | Unrestricted funds 2024 £ | Unrestricted funds 2023 £ |
|---|---|---|
| Interest receivable | 85,495 | 54,108 |

## 6 Expenditure on raising funds

| | Restricted funds 2024 £ | Restricted funds 2023 £ |
|---|---|---|
| **Fundraising and publicity** | | |
| Fundraising agents | - | 25,951 |



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## 7 Expenditure on charitable activities

| | Total 2024 £ | Total 2023 £ |
|---|---|---|
| **Direct costs** | | |
| Staff costs | 129,672 | 71,545 |
| Depreciation and amortisation | 18,633 | 11,822 |
| Subcontractor costs | 1 | 232,476 |
| Rent and rates | 47,401 | 28,777 |
| Telecommunications | 264 | 191 |
| Travel | 114,707 | 52,281 |
| Information technology | 185,534 | 44,683 |
| Subscriptions | 11,920 | 3,729 |
| Advertising | 372,337 | 368,116 |
| Printing and stationery | 1,608 | 1,988 |
| Legal and professional | 449,786 | 33,057 |
| Consultancy | 526,201 | 166,645 |
| Accountancy | 7,200 | 7,200 |
| Audit | 10,800 | 10,800 |
| Admin and finance | 1,111,827 | 162,749 |
| Bank charges | 4,872 | 2,621 |
| General expenses | 143,476 | 9,005 |
| Exchange rate differences | 163,607 | - |
| Building insurance | 16,583 | 17,314 |
| Building repairs | 7,680 | 17,063 |
| Property maintenance | 13,142 | 14,282 |
| | 3,337,251 | 1,256,344 |
| Grant funding of activities (see note 8) | 18,177,440 | 11,306,843 |
| | 21,514,691 | 12,563,187 |
| **Analysis by fund** | | |
| Unrestricted funds | 1,068,057 | 717,312 |
| Restricted funds | 20,446,634 | 12,126,083 |
| | 21,514,691 | 12,843,395 |

## 8 Grants payable

| | 2024 £ | 2023 £ |
|---|---|---|
| Grants to institutions: | | |
| Other | 18,166,440 | 11,298,632 |
| Grants to individuals | 11,000 | 8,211 |



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**8 Grants payable** **(Continued)**

**9 Net movement in funds**

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| The net movement in funds is stated after charging/(crediting): | | |
| Fees payable for the audit of the charity's financial statements | 10,800 | 10,800 |
| Depreciation of owned tangible fixed assets | 11,822 | 11,822 |
| Amortisation of intangible assets | 6,811 | - |

**10 Trustees**

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

**11 Employees**

The average monthly number of employees during the year was:

| | 2024 | 2023 |
|---|---|---|
| | Number | Number |
| | 4 | 3 |

| Employment costs | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 119,078 | 60,083 |
| Social security costs | 8,295 | 9,727 |
| Other pension costs | 2,299 | 1,735 |
| | 129,672 | 71,545 |

There were no employees whose annual remuneration was more than £60,000.

**Remuneration of key management personnel**
The remuneration of key management personnel was as follows:

**12 Other expenditure**

| | Restricted funds 2024 | Restricted funds 2023 |
|---|---|---|
| | £ | £ |
| Financing costs | 142,380 | 56,044 |
| | 142,380 | 56,044 |



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## 13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

## 14 Intangible fixed assets

| | Development costs |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2024 and 31 December 2024 | 20,433 |
| **Amortisation and impairment** | |
| At 1 January 2024 | - |
| Amortisation charged for the year | 6,811 |
| At 31 December 2024 | 6,811 |
| **Carrying amount** | |
| At 31 December 2024 | 13,622 |
| At 31 December 2023 | 20,433 |

## 15 Tangible fixed assets

| | Freehold land and buildings | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2024 | 1,470,000 | 75,031 | 1,545,031 |
| Additions | 258,010 | - | 258,010 |
| At 31 December 2024 | 1,728,010 | 75,031 | 1,803,041 |
| **Depreciation and impairment** | | | |
| At 1 January 2024 | - | 43,078 | 43,078 |
| Depreciation charged in the year | - | 11,822 | 11,822 |
| At 31 December 2024 | - | 54,900 | 54,900 |
| **Carrying amount** | | | |
| At 31 December 2024 | 1,728,010 | 20,131 | 1,748,141 |
| At 31 December 2023 | 1,470,000 | 31,953 | 1,501,953 |

The trustees are of the opinion that the carrying value of the freehold property carried forward is materially correct as at the balance sheet date.



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## 16 Fixed asset investments

| | Other investments £ |
|---|---|
| **Cost or valuation** | |
| At 1 January 2024 | 325,010 |
| Additions | 2,295,181 |
| At 31 December 2024 | 2,620,191 |
| **Carrying amount** | |
| At 31 December 2024 | 2,620,191 |
| At 31 December 2023 | 325,010 |

## 17 Debtors

| | 2024 | 2023 |
|---|---|---|
| **Amounts falling due within one year:** | **£** | **£** |
| Trade debtors | 100,866 | 9,569 |
| Prepayments and accrued income | 14,665 | 10,241 |
| | 115,531 | 19,810 |

## 18 Loans and overdrafts

| | 2024 | 2023 |
|---|---|---|
| | **£** | **£** |
| Bank loans | 1,031,750 | 1,078,169 |
| Payable within one year | 67,369 | 64,161 |
| Payable after one year | 964,381 | 1,014,008 |

The long-term loans contain a negative pledge and are secured by way of a fixed charge over the assets of the company.



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## 19 Creditors: amounts falling due within one year

| | Notes | 2024 £ | 2023 £ |
|---|---|---|---|
| Bank loans | **18** | 67,369 | 64,161 |
| Other taxation and social security | | 174 | 18,077 |
| Trade creditors | | 139,403 | 185,139 |
| Other creditors | | 119,000 | 125,000 |
| Accruals and deferred income | | 18,000 | 18,000 |
| | | 343,946 | 410,377 |

## 20 Creditors: amounts falling due after more than one year

| | Notes | 2024 £ | 2023 £ |
|---|---|---|---|
| Bank loans | **18** | 964,381 | 1,014,008 |

## 21 Retirement benefit schemes

| **Defined contribution schemes** | 2024 £ | 2023 £ |
|---|---|---|
| Charge to profit or loss in respect of defined contribution schemes | 2,299 | 1,735 |

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

## 22 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

| | At 1 January 2024 £ | Incoming resources £ | At 31 December 2024 £ |
|---|---|---|---|
| **Permanent endowments** | | | |
| Waqf | 50,010 | - | 50,010 |

| **Previous year:** | At 1 January 2023 £ | Incoming resources £ | At 31 December 2023 £ |
|---|---|---|---|
| **Permanent endowments** | | | |
| Waqf | - | 50,010 | 50,010 |



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## 23 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

| | At 1 January 2024 | Incoming resources | Resources expended | Transfers | At 31 December 2024 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Donor Advised Fund (DAF) | 5,473,955 | 21,614,935 | (20,179,812) | - | 6,909,078 |
| Rental income | 124,487 | 170,470 | (184,202) | - | 110,755 |
| Other venture funds | 225,000 | - | (225,000) | - | - |
| | 5,823,442 | 21,785,405 | (20,589,014) | - | 7,019,833 |

| Previous year: | At 1 January 2023 | Incoming resources | Resources expended | Transfers | At 31 December 2023 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Waqf | 38,000 | - | - | (38,000) | - |
| Donor Advised Fund (DAF) | 2,004,660 | 15,614,336 | (12,182,127) | 37,086 | 5,473,955 |
| Rasullah | 54,908 | - | - | (54,908) | - |
| Rental income | 149,107 | 171,331 | (25,951) | (170,000) | 124,487 |
| Restricted funds <50,000 | (822) | - | - | 822 | - |
| Other venture funds | - | - | - | 225,000 | 225,000 |
| | 2,245,853 | 15,785,667 | (12,208,078) | - | 5,823,442 |

## 24 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

| | At 1 January 2024 | Incoming resources | Resources expended | At 31 December 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| General funds | 603,048 | 1,709,269 | (1,068,057) | 1,244,260 |

| Previous year: | At 1 January 2023 | Incoming resources | Resources expended | At 31 December 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| General funds | 327,410 | 992,950 | (717,312) | 603,048 |



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## 25 Analysis of net assets between funds

| | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Endowment funds 2024 £ | Total 2024 £ |
|---|---|---|---|---|
| **At 31 December 2024:** | | | | |
| Intangible fixed assets | 13,622 | - | - | 13,622 |
| Tangible assets | 20,131 | 1,728,010 | - | 1,748,141 |
| Investments | - | 2,620,191 | - | 2,620,191 |
| Current assets/(liabilities) | 1,210,507 | 3,636,013 | 50,010 | 4,896,530 |
| Long term liabilities | - | (964,381) | - | (964,381) |
| | 1,244,260 | 7,019,833 | 50,010 | 8,314,103 |

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Endowment funds 2023 £ | Total 2023 £ |
|---|---|---|---|---|
| **At 31 December 2023:** | | | | |
| Intangible fixed assets | 20,433 | - | - | 20,433 |
| Tangible assets | 31,953 | 1,470,000 | - | 1,501,953 |
| Investments | - | 275,000 | 50,010 | 325,010 |
| Current assets/(liabilities) | 550,662 | 5,092,450 | - | 5,643,112 |
| Long term liabilities | - | (1,014,008) | - | (1,014,008) |
| | 603,048 | 5,823,442 | 50,010 | 6,476,500 |

## 26 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).

## 27 Cash generated from operations

| | 2024 £ | 2023 £ |
|---|---|---|
| Surplus for the year | 1,837,603 | 3,903,237 |
| **Adjustments for:** | | |
| Investment income recognised in statement of financial activities | (85,495) | (54,108) |
| Depreciation and impairment of tangible fixed assets | 18,633 | 11,822 |
| **Movements in working capital:** | | |
| (Increase)/decrease in debtors | (95,721) | 17,774 |
| (Decrease)/increase in creditors | (69,639) | 245,210 |
| **Cash generated from operations** | 1,605,381 | 4,123,935 |



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## 28 Analysis of changes in net funds

| | At 1 January 2024 | Cash flows | At 31 December 2024 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 6,033,679 | (908,734) | 5,124,945 |
| Loans falling due within one year | (64,161) | (3,208) | (67,369) |
| Loans falling due after more than one year | (1,014,008) | 49,627 | (964,381) |
| | 4,955,510 | (862,315) | 4,093,195 |



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# Audit trail

| | |
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## Document history

| | | |
|---|---|---|
| SENT | 30 / 10 / 2025<br>19:20:40 UTC | Sent for signature to Shahid Ikram (shahid.m.ikram@gmail.com) from azim.kidwai@mercymission.org.uk<br>IP: 82.6.206.153 |
| VIEWED | 31 / 10 / 2025<br>10:47:12 UTC | Viewed by Shahid Ikram (shahid.m.ikram@gmail.com)<br>IP: 86.130.69.218 |
| SIGNED | 31 / 10 / 2025<br>10:47:57 UTC | Signed by Shahid Ikram (shahid.m.ikram@gmail.com)<br>IP: 86.130.69.218 |
| COMPLETED | 31 / 10 / 2025<br>10:47:57 UTC | The document has been completed. |

**MERCY MISSION UK**

England & Wales - Charity number 1122922

# Accounts

**Charity registration number 1122922**

**Company registration number 06380231 (England and Wales)**

# MERCY MISSION UK

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2023

**PEARLMAN ROSE**
**Chartered Accountants & Statutory Auditors**
**Suite 1, First Floor**
**Jack Dash House**
**2 Lawn House Close**
**London E14 9YQ**

# MERCY MISSION UK

## LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|---|---|
| **Trustees** | Mr M S Ikram<br>Ms F Mohammad<br>Mr I Mansha<br>Ms Z A Kidwai (Appointed 23 January 2023) |
| **Secretary** | Ms A Imran<br>Mr M S Ikram |
| **Charity number** | 1122922 |
| **Company number** | 06380231 |
| **Registered office** | 203 Westgate<br>Bradford<br>England<br>BD1 3AD |
| **Auditor** | Pearlman Rose<br>Chartered Accountants & Statutory Auditors<br>Suite 1, First Floor<br>Jack Dash House<br>2 Lawn House Close<br>London<br>E14 9YQ |

# MERCY MISSION UK

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# MERCY MISSION UK

## TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT)

## *FOR THE YEAR ENDED 31 DECEMBER 2023*

The trustees present their annual report and financial statements for the year ended 31 December 2023.

**Introduction**
We extend our heartfelt thanks to all our donors, volunteers, and partner organisations for their unwavering support and commitment to our mission. Your contributions have made a significant difference in the lives of many. Specific thanks go to our enterprise partner, the Collective Continuum, with whom we have worked on designing some super innovative projects.

As we reflect on the past year, we are grateful for the opportunities to serve and uplift communities. We are committed to continuing our efforts in alignment with Islamic values and principles, ensuring that our work contributes to a more just and equitable society. 2023 has been a very tough year for Muslim charities that are responding to global challenges. The war on Gaza has been hard to watch, not only the mass killings since October, but also the many incidences throughout the year, especially in Ramadan. We call for peace and justice for the fallen and are proud to enable our donors and partners have a well governed and legal means by which to support good causes across the world.

2023 has been tough, and we are hopeful our 2024 activities play some role in dealing with the mass challenges people face in the world. This year we hosted Sir Keir Starmer, leader of the Labour Party to discuss some of these realities and pray for a peace and a new government in which the dignity of human life is put before commercial and political interests.

**Objectives and activities**
Our charity is guided by Islamic principles and is committed to enhancing civil society through grants to organisations that promote social justice, education, health, and community development, both in the UK and selected international locations.

We aim to support initiatives that empower communities, promote well-being, and foster social cohesion in accordance with our values, the legislative rules of Zakat and principles of good community service. We have three key drivers as we continue our growth as a donor advised fund, and are seeking to ensure every pound we spend is in line with our strategic priorities, which we have identified as:

- Support Civil Society: Provide financial assistance to civil society organisations working in areas such as education, health care, and social services.
- Promote Social Justice and Development: Fund projects that address inequality, discrimination, and promote human rights, while enabling humanitarian assistance where needed.
- Encourage Community Engagement: Empower local communities through initiatives that foster collaboration and participation.

During the year, we focused on the following key activities:

- Grantmaking: We have distributed over £15m to organisations that are working tirelessly to make the world a better place. Our grant making is unique, as we are committed to recognising and supporting talent, and as such happily invest in early stage organisations to be able to benefit from their youth, vigour and hunger for change.

- Capacity Building: Conducted workshops and training sessions for young leaders to enhance their operational effectiveness and ability to serve in civil society organisations across the country. Our Future Leaders Program which is our chosen channel for capacity building has had a wonderful response with its participants demonstrating an unprecedented commitment to community service.

- Community Outreach: Engaged with local communities through events and seminars to raise awareness about our mission and the organisations we support. Through a small number of private stakeholders events we have been able to capture the imagination of a small but important number of donors and stakeholders working for a brighter future for all. We even hosted the Labour leader, Sir Keir Starmer for a Ramadan iftar to try and share some of the many concerns we hear from our partners.

**Structure, governance and management**

The charity is a company limited by guarantee and incorporated under the Companies Act 2006. The company's governing document is its Articles of Association. The companies charity number is 1122922 with its company number of 06380231.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M S Ikram
Ms F Mohammad
Mr I Mansha
Ms Z A Kidwai (Appointed 23 January 2023)

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The charity is governed by a board of Trustees who meet regularly to oversee operations, ensure compliance with regulatory requirements, and guide the strategic direction of the organisation. The board seeks to meet on a quarterly cycle and seeks to ensure more regular oversight through a monthly Chairman-CEO engagement. This enables optimal agility and for the organisation to take a balanced approach to taking advantage of opportunities that emerge while staying focussed on its strategic plan.

Our financial management practices ensure transparency and accountability. The charity's accounts are independently audited, and we adhere to the principles set forth by the Charity Commission. At the end of 2023 it was also decided to ensure in the next round of trustee recruitment we secure another finance/ investment professional to join the board as the scale of our finances continue to grow rapidly.

**Financial review**

The Statement of Financial Activities on page 11 shows a net surplus of £3,903,237 (2022: £1,963,576).

The trustees consider the state of the charity's affairs to be satisfactory.

At the year end, overall reserves totalled £6,476,500 (2022: £2,573,263), The charity retains reserves as a contingency against operational risks and for investment in strategic projects.

*Reserves policy*

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

**Plans for future periods**

Looking ahead, we aim to:

- Expand our grant-making capabilities to reach more communities in need
- Develop new partnerships with local and international organisations
- Enhance our monitoring and evaluation processes to better assess the impact of our funded projects
- Coordinate and where possible enable partnerships between our grantees
- Expand our activities into new territories, namely, the USA Canada, Indonesia and Australia
- Fund strategic initiatives which support the emergence of a more engaged British Muslim community
- Add to our DAF client base so as to further our grant making capacity
- Explore how best to support and empower the student community beyond those attending our FLP
- Support a new British Muslim Civil Society report, building on the great inaugural piece of work launched in Parliament in January 2023.

We have successfully added some key talent to the board advisory and through 2023 we were able to see the amazing benefit of some of the country's leading talent.

- Augustus Della-Porta: An experienced charity lawyer, in 2023 provided us wonderful insights in the sector, the opportunities and the challenges and strengthened our risk assessment apparatus.

- Ibrahim Khan: An experienced lawyer and investment professional, enabled us to consider new opportunities in 2023 beyond our initial real estate only position.

We are committed to adding at least two new trustees to the board in 2024 who are highly skilled and strengthen our board competency in technology, human resources and finances/ investments.

**Statement of Trustees' responsibilities**

The trustees, who are also the directors of MERCY MISSION UK for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law 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 charitable company for that year.

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; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate 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 Companies Act 2006. 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.

**Auditor**

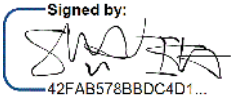
In accordance with the company's articles, a resolution proposing that Pearlman Rose be reappointed as auditor of the company will be put at a General Meeting.

**Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

Signed by:



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Mr M S Ikram

**Trustee**

29 October 2024

# MERCY MISSION UK

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MERCY MISSION UK

**Opinion**

We have audited the financial statements of MERCY MISSION UK (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 *Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of Trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the Trust and the charitable sector in which it operates, and considered the risk of acts by the Trust that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK Charity legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal professionals. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## TO THE MEMBERS OF MERCY MISSION UK

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....

**Mohammad Jilani (Senior Statutory Auditor)**
**for and on behalf of Pearlman Rose**

30 October 2024

**Chartered Accountants &**
**Statutory Auditor**

Suite 1, First Floor
Jack Dash House
2 Lawn House Close
London
E14 9YQ

# MERCY MISSION UK

## STATEMENT OF FINANCIAL ACTIVITIES

## *FOR THE YEAR ENDED 31 DECEMBER 2023*

| | Notes | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Endowment funds 2023 £ | Total 2023 £ | Total 2022 £ |
|---|---|---|---|---|---|---|
| **Income from:** | | | | | | |
| Donations and legacies | **3** | 701,593 | 15,614,336 | 50,010 | 16,365,939 | 11,705,866 |
| Charitable activities | **4** | 237,249 | 171,331 | - | 408,580 | 1,106,777 |
| Investments | **5** | 54,108 | - | - | 54,108 | 13,645 |
| **Total income and endowments** | | 992,950 | 15,785,667 | 50,010 | 16,828,627 | 12,826,288 |
| **Expenditure on:** | | | | | | |
| Raising funds | **6** | - | 25,951 | - | 25,951 | 178,392 |
| Charitable activities | **7** | 717,312 | 12,126,083 | - | 12,843,395 | 10,684,320 |
| Other expenditure | **12** | - | 56,044 | - | 56,044 | - |
| Total expenditure | | 717,312 | 12,208,078 | - | 12,925,390 | 10,862,712 |
| **Net income and movement in funds** | | 275,638 | 3,577,589 | 50,010 | 3,903,237 | 1,963,576 |
| **Reconciliation of funds:** | | | | | | |
| Fund balances at 1 January 2023 | | 327,410 | 2,245,853 | - | 2,573,263 | 609,687 |
| **Fund balances at 31 December 2023** | | 603,048 | 5,823,442 | 50,010 | 6,476,500 | 2,573,263 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# MERCY MISSION UK

## BALANCE SHEET

### *AS AT 31 DECEMBER 2023*

| | Notes | 2023 £ | 2023 £ | 2022 £ | 2022 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **14** | | 20,433 | | 20,433 |
| Tangible assets | **15** | | 1,501,953 | | 1,403,775 |
| Investments | **16** | | 325,010 | | - |
| | | | 1,847,396 | | 1,424,208 |
| **Current assets** | | | | | |
| Debtors | **17** | 19,810 | | 37,584 | |
| Cash at bank and in hand | | 6,033,679 | | 2,118,116 | |
| | | 6,053,489 | | 2,155,700 | |
| **Creditors: amounts falling due within one year** | **19** | 410,377 | | 165,797 | |
| Net current assets | | | 5,643,112 | | 1,989,903 |
| **Total assets less current liabilities** | | | 7,490,508 | | 3,414,111 |
| **Creditors: amounts falling due after more than one year** | **20** | | (1,014,008) | | (840,848) |
| **Net assets** | | | 6,476,500 | | 2,573,263 |
| **The funds of the charity** | | | | | |
| Endowment funds | **22** | | 50,010 | | - |
| Restricted income funds | **23** | | 5,823,442 | | 2,245,853 |
| Unrestricted funds | | | 603,048 | | 327,410 |
| | | | 6,476,500 | | 2,573,263 |

The financial statements were approved by the trustees on 29 October 2024

Signed by:
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Mr M S Ikram
**Trustee**

Company registration number 06380231 (England and Wales)

# MERCY MISSION UK

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 DECEMBER 2023*

| | Notes | 2023 £ | 2023 £ | 2022 £ | 2022 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **27** | | 4,123,935 | | 1,951,489 |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | - | | (7,847) | |
| Purchase of tangible fixed assets | | (110,000) | | (1,744) | |
| Purchase of investments | | (325,010) | | - | |
| Investment income received | | 54,108 | | 13,645 | |
| **Net cash (used in)/generated from investing activities** | | | (380,902) | | 4,054 |
| **Financing activities** | | | | | |
| Proceeds from new bank loans | | 237,321 | | - | |
| Repayment of bank loans | | (64,791) | | (64,791) | |
| **Net cash generated from/(used in) financing activities** | | | 172,530 | | (64,791) |
| **Net increase in cash and cash equivalents** | | | 3,915,563 | | 1,890,752 |
| Cash and cash equivalents at beginning of year | | | 2,118,116 | | 227,364 |
| **Cash and cash equivalents at end of year** | | | 6,033,679 | | 2,118,116 |

**1 Accounting policies**

**Charity information**

MERCY MISSION UK is a private company limited by guarantee incorporated in England and Wales. The registered office is 203 Westgate, Bradford, BD1 3AD, England.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Charities SORP "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). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

**1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income that is generated in Ramadan and not expended during the accounting period is carried forward as a surplus and expended in the following accounting period.

**1 Accounting policies** **(Continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

**1.6 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.7 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Development costs | No amortisation |

**1.8 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Freehold land and buildings | Not depreciated |
| Fixtures and fittings | 20-33% straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

**1.9 Fixed asset investments**

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

**1 Accounting policies** **(Continued)**

**1.10 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**1.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.12 Financial instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**1.13 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1 Accounting policies** **(Continued)**

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**2 Critical accounting estimates and judgements**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Income from donations and legacies**

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Endowment funds 2023 £ | Total 2023 £ |
|---|---|---|---|---|
| Donations and gifts | 701,593 | 15,614,336 | 50,010 | 16,365,939 |

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Endowment funds 2022 £ | Total 2022 £ |
|---|---|---|---|---|
| Donations and gifts | 433,251 | 11,272,615 | - | 11,705,866 |
| | 433,251 | 11,272,615 | - | 11,705,866 |

## 4 Income from charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|---|---|---|---|---|---|---|
| Services provided under contract | 237,249 | - | 237,249 | 957,671 | - | 957,671 |
| Charitable rental income | - | 171,331 | 171,331 | - | 149,106 | 149,106 |
| | 237,249 | 171,331 | 408,580 | 957,671 | 149,106 | 1,106,777 |

## 5 Income from investments

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|---|---|---|
| Licence income | - | 10,847 |
| Interest receivable | 54,108 | 2,798 |
| | 54,108 | 13,645 |

## 6 Expenditure on raising funds

| | Restricted funds 2023 £ | Restricted funds 2022 £ |
|---|---|---|
| **Fundraising and publicity** | | |
| Fundraising agents | 25,951 | 178,392 |

**7 Expenditure on charitable activities**

| | Total 2023 £ | Total 2022 £ |
|---|---|---|
| **Direct costs** | | |
| Staff costs | 71,545 | 66,693 |
| Depreciation and impairment | 11,822 | 11,554 |
| Subcontractor costs | 232,476 | 22,010 |
| Rent and rates | 28,777 | 5,600 |
| Telecommunications | 191 | 433 |
| Travel | 52,281 | 17,883 |
| Information technology | 44,683 | - |
| Subscriptions | 3,729 | 3,057 |
| Advertising | 368,116 | 75,615 |
| Printing and stationery | 1,988 | 980 |
| Legal and professional | 33,057 | 105,309 |
| Consultancy | 166,645 | 145,731 |
| Accountancy | 7,200 | 4,550 |
| Audit | 10,800 | 10,764 |
| Admin and finance | 162,749 | 19,882 |
| Programme cost | 142,020 | - |
| Research and development | 138,188 | |
| Bank charges | 2,621 | 830 |
| General expenses | 9,005 | 13,331 |
| Merchant charges | - | 2,361 |
| Exchange rate differences | - | (15,843) |
| Building insurance | 17,314 | 14,358 |
| Building repairs | 17,063 | 15,965 |
| Property maintenance | 14,282 | 822 |
| | 1,536,552 | 521,885 |
| Grant funding of activities (see note 8) | 11,306,843 | 10,162,435 |
| | 12,843,395 | 10,684,320 |
| **Analysis by fund** | | |
| Unrestricted funds | 717,312 | 1,267,104 |
| Restricted funds | 12,126,083 | 9,417,216 |
| | 12,843,395 | 10,684,320 |

## 8 Grants payable

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Grants to institutions: | | |
| Other | 11,298,632 | 10,150,775 |
| Grants to individuals | 8,211 | 11,660 |

## 9 Net movement in funds

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Net movement in funds is stated after charging/(crediting) | | |
| Depreciation of owned tangible fixed assets | 11,822 | 11,554 |

## 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

## 11 Employees

The average monthly number of employees during the year was:

| | 2023 | 2022 |
|---|---|---|
| | Number | Number |
| | 3 | 3 |

| Employment costs | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 60,083 | 65,653 |
| Social security costs | 9,727 | 964 |
| Other pension costs | 1,735 | 76 |
| | 71,545 | 66,693 |

There were no employees whose annual remuneration was more than £60,000.

**Remuneration of key management personnel**
The remuneration of key management personnel is as follows.

## 12 Other expenditure

| | Restricted funds 2023 £ | Restricted funds 2022 £ |
|---|---|---|
| Financing costs | 56,044 | - |
| | 56,044 | - |

## 13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

## 14 Intangible fixed assets

| | Development costs £ |
|---|---|
| **Cost** | |
| At 1 January 2023 and 31 December 2023 | 20,433 |
| **Amortisation and impairment** | |
| At 1 January 2023 and 31 December 2023 | - |
| **Carrying amount** | |
| At 31 December 2023 | 20,433 |
| At 31 December 2022 | 20,433 |

## 15 Tangible fixed assets

| | Freehold land and buildings | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2023 | 1,360,000 | 75,031 | 1,435,031 |
| Additions | 110,000 | - | 110,000 |
| At 31 December 2023 | 1,470,000 | 75,031 | 1,545,031 |
| **Depreciation and impairment** | | | |
| At 1 January 2023 | - | 31,256 | 31,256 |
| Depreciation charged in the year | - | 11,822 | 11,822 |
| At 31 December 2023 | - | 43,078 | 43,078 |
| **Carrying amount** | | | |
| At 31 December 2023 | 1,470,000 | 31,953 | 1,501,953 |
| At 31 December 2022 | 1,360,000 | 43,775 | 1,403,775 |

The trustees are of the opinion that the carrying value of the freehold property carried forward is materially correct as at the balance sheet date.

## 16 Fixed asset investments

| | Other investments |
|---|---|
| **Cost or valuation** | |
| At 1 January 2023 | - |
| Additions | 325,010 |
| At 31 December 2023 | 325,010 |
| **Carrying amount** | |
| At 31 December 2023 | 325,010 |
| At 31 December 2022 | - |

## 17 Debtors

| Amounts falling due within one year: | 2023 £ | 2022 £ |
|---|---|---|
| Trade debtors | 9,569 | 7,399 |
| Other debtors | - | 30,010 |
| Prepayments and accrued income | 10,241 | 175 |
| | 19,810 | 37,584 |

## 18 Loans and overdrafts

| | 2023 £ | 2022 £ |
|---|---|---|
| Bank loans | 1,078,169 | 905,639 |
| Payable within one year | 64,161 | 64,791 |
| Payable after one year | 1,014,008 | 840,848 |

The long-term loans contain a negative pledge and are secured by way of a fixed charge over the assets of the company.

## 19 Creditors: amounts falling due within one year

| | Notes | 2023 £ | 2022 £ |
|---|---|---|---|
| Bank loans | 18 | 64,161 | 64,791 |
| Other taxation and social security | | 18,077 | 5,505 |
| Trade creditors | | 185,139 | 81,161 |
| Other creditors | | 125,000 | 76 |
| Accruals and deferred income | | 18,000 | 14,264 |
| | | 410,377 | 165,797 |

## 20 Creditors: amounts falling due after more than one year

| | Notes | 2023 £ | 2022 £ |
|---|---|---|---|
| Bank loans | 18 | 1,014,008 | 840,848 |

## 21 Retirement benefit schemes

**Defined contribution schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £1,735 (2022 - £76).

## 22 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

| | At 1 January 2023 | Incoming resources | At 31 December 2023 |
|---|---|---|---|
| | £ | £ | £ |
| **Permanent endowments** | | | |
| Waqf | - | 50,010 | 50,010 |

## 23 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

| | At 1 January 2023 | Incoming resources | Resources expended | Transfers | At 31 December 2023 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Waqf | 38,000 | - | - | (38,000) | - |
| FiG | 326,832 | - | (3,067) | - | 323,765 |
| Rasullah | 54,908 | - | - | (54,908) | - |
| Shamaazi | 1,677,828 | 15,614,336 | (12,179,060) | 37,086 | 5,150,190 |
| Creative lofts - rental income | 149,107 | 171,331 | (25,951) | (170,000) | 124,487 |
| Restricted funds <50,000 | (822) | - | - | 822 | - |
| Other venture funds | - | - | - | 225,000 | 225,000 |
| | 2,245,853 | 15,785,667 | (12,208,078) | - | 5,823,442 |

**23 Restricted funds** **(Continued)**

| Previous year: | At 1 January 2022 | Incoming resources | Resources expended | Transfers | At 31 December 2022 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Waqf | 38,000 | - | - | - | 38,000 |
| FiG | 326,832 | - | - | - | 326,832 |
| Rasullah | 54,908 | - | - | - | 54,908 |
| Shamaazi | - | 11,272,614 | (9,594,786) | - | 1,677,828 |
| Creative lofts - rental income | - | 149,107 | - | - | 149,107 |
| Restricted funds < £50,000 | - | - | (822) | - | (822) |
| | 419,740 | 11,421,721 | (9,595,608) | - | 2,245,853 |

**24 Unrestricted funds**

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

| | At 1 January 2023 | Incoming resources | Resources expended | At 31 December 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| General funds | 327,410 | 992,950 | (717,312) | 603,048 |

| Previous year: | At 1 January 2022 | Incoming resources | Resources expended | At 31 December 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| General funds | 189,947 | 1,404,567 | (1,267,104) | 327,410 |

**25 Analysis of net assets between funds**

| | Unrestricted funds 2023 | Restricted funds 2023 | Endowment funds 2023 | Total 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Fund balances at 31 December 2023 are represented by:** | | | | |
| Intangible fixed assets | 20,433 | - | - | 20,433 |
| Tangible assets | 31,953 | 1,470,000 | - | 1,501,953 |
| Investments | - | 275,000 | 50,010 | 325,010 |
| Current assets/(liabilities) | 550,662 | 5,092,450 | - | 5,643,112 |
| Long term liabilities | - | (1,014,008) | - | (1,014,008) |
| | 603,048 | 5,823,442 | 50,010 | 6,476,500 |

**25 Analysis of net assets between funds** **(Continued)**

| | Unrestricted funds 2022 | Restricted funds 2022 | Endowment funds 2022 | Total 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Fund balances at 31 December 2022 are represented by:** | | | | |
| Intangible fixed assets | 20,433 | - | - | 20,433 |
| Tangible assets | 43,775 | 1,360,000 | - | 1,403,775 |
| Current assets/(liabilities) | 263,202 | 1,726,701 | - | 1,989,903 |
| Long term liabilities | - | (840,848) | - | (840,848) |
| | 327,410 | 2,245,853 | - | 2,573,263 |

**26 Related party transactions**

There were no disclosable related party transactions during the year (2022 - none).

| **27 Cash generated from operations** | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Surplus for the year | 3,903,237 | 1,963,576 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (54,108) | (13,645) |
| Depreciation and impairment of tangible fixed assets | 11,822 | 11,554 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 17,774 | (31,632) |
| Increase in creditors | 245,210 | 21,636 |
| **Cash generated from operations** | 4,123,935 | 1,951,489 |

**28 Analysis of changes in net funds**

| | At 1 January 2023 | Cash flows | At 31 December 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 2,118,116 | 3,915,563 | 6,033,679 |
| Loans falling due within one year | (64,791) | 630 | (64,161) |
| Loans falling due after more than one year | (840,848) | (173,160) | (1,014,008) |
| | 1,212,477 | 3,743,033 | 4,955,510 |

**MERCY MISSION UK**

England & Wales - Charity number 1122922

# Accounts

Charity registration number 1122922

Company registration number 06380231 (England and Wales)

# MERCY MISSION UK

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2022

# MERCY MISSION UK

## LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|---|---|---|
| **Trustees** | Mr M Ikram<br>Ms F Mohammad<br>Mr I Mansha<br>Ms Z Kidwai | <br><br><br>(Appointed 23 January 2023) |
| **Secretary** | Ms Ayesha Imran<br>Mr M Ikram | (Appointed 1st May 2022) |
| **Charity number** | 1122922 | |
| **Company number** | 06380231 | |
| **Registered office** | 203 Westgate<br>Bradford<br>England<br>BD1 3AD | |
| **Auditor** | Pearlman Rose<br>Chartered Accountants & Statutory Auditors<br>39-40 Skylines Village<br>Limeharbour, Docklands<br>London<br>E14 9TS | |

# MERCY MISSION UK

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## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

***FOR THE YEAR ENDED 31 DECEMBER 2022***

British Muslim civil society has grown into an impressive array of organisations, community associations, and sundry other institutions that have emerged as significant contributors to modern British society. They include mosques, educational institutions, youth associations, student organisations, national umbrella bodies, advocacy groups, and media organisations. Muslims bring a distinctive ethos into civil society which is often deeply informed by their faith commitments. Islam's sacred scriptures in the form of the Qur'an and the Prophet's teachings call on Muslims to perform regular acts of charity. This is captured in the exhortations of the Prophet Muhammad.

> "An act of charity is due for every joint in each person's body for every day that the sun comes up: to judge fairly between two people is an act of charity; to help a man with his mount, lifting him onto it or hoisting up his belongings onto it, is an act of charity; a good word is an act of charity; and removing a harmful thing from the road is an act of charity." (Narrated by Bukhari and Muslim)

In recent years, Britain has seen a proliferation of Muslim civil society organisations that have enlivened public life and contributed crucial services to communities up and down the country. Mercy Mission UK has been a keen contributor to this evolution and is ever more committed to see a strong bright flourishing Muslim community in Britain which helps remove barriers from the light of the divine shining bright in every home.

2022 was a greater year for Mercy Mission UK and one from which we have been able to bring unprecedented support to countless charitable efforts from the British Muslim community. Despite only launching at the start of the year in January 2022, we have had an unprecedented demand to our donor advised fund. This fund structure is empowering companies and family offices to expand the reach and impact of their philanthropy, while minimising costs and administrative challenges in meeting the governance standards we now expect from responsible charities. I hope you enjoy reading about our efforts for a more pious, confident, selfless and self-sufficient community. I would also like to take this opportunity to introduce you to the latest members of our non-executive team:

| | | |
|---|---|---|
| Zainab Kidwai<br>Trustee | Augustus Della-Porter<br>Non-Exec Advisor | Ibrahim Khan<br>Non-Exec Advisor |

| | | |
|---|---|---|
| | ILYAS MANSHA | 24/10/23 |
| **Chair of the Board of Trustees** | **Name** | **Date** |

**Programme Overview**

The organisation has continued to flourish based on its two major priorities:

1. Excellence in Programmes
2. Strengthening Self Sustainability Through Capacity Building

**Excellence in Programmes**

Our investment has been in three major programmes. These programmes are at the heart of our effort to bring together civil society actors and empower Islamic leadership to better serve. We believe in a model of servant leadership, where we seek to fulfil the rights of Almighty God through serving his creation. We firmly believe that humanity can unite under the light of God, and our focus must be on programmes that bring diverse parts of society together to learn and flourish.

***The British Muslim Civil Society Report 2022-23***

The British Muslim population has made great strides since the early emergence of communities in port cities in the late 19th century. The most significant growth has taken place in the past sixty years with the arrival of large numbers of Muslims to Britain, overwhelmingly from the former colonies. The legacy of British India has meant that the majority of Muslims in the UK come from South Asia with Pakistanis, Bangladeshis and Indians collectively making up a majority of Britain's Muslims.

By 2022, the community has witnessed significant success stories both individually and collectively, in virtually all sectors of professional life. Britain's Muslims have achieved high office in politics, great wealth in business, and wide recognition in their charitable endeavours, among many other contributions to British life. Notable figures include the current popularly elected mayors, including most notably the Mayor of London; politicians, peers and cabinet ministers from both the government and the opposition parties, both in the Houses of Commons and the Lords; as well as in the Scottish Parliament and the Welsh Senedd.

Beyond politics, British Muslims have achieved considerable success in realms of business, and have started to setup philanthropic foundations. Alongside large scale philanthropy, the average Muslim Briton has also been noted to be especially generous in their charitable giving. Muslims are also successful in mainstream news journalism, entertainment and sports, with numerous journalists, commentators, news readers, television personalities, and sportspersons. But beyond such public facing roles, Muslims are especially well represented in the NHS, as doctors, dentists, nurses, and other health professionals. They are also contributing to a range of other professions, from the law to the civil service, academia to literature.

We have sought to capture this journey and support its acceleration through the British Muslim Civil Society Report (BMCSR). Constituted in November 2021, a nationwide engagement and research piece was conducted by Dr Usaama Al Azami, a Senior Lecturer at St Antony's College, University of Oxford. The report was launched in parliament on the 16th January 2023 with support from the APPG on British Muslims.

We intend for the BMCSR to become a key part of the community development architecture. Enabling community organisations and partners to better select their priorities and steer their strategic direction, while at the same time, giving access to policy makers to the British Muslim community and its unprecedented commitment and contribution to civic life.

***Future Leaders Program***

This project which is run in association with the leading law firms Shakespeare Martineau and DLA Piper is building capacity with high potential young people. The focus here is to ensure society is stronger and more united through change makers being aligned to values of fairness, justice, unity and community compassion.

In its inaugural year 10 young people embarked upon a journey of personal development. With faith in their heart and the world in their hands they have had an unprecedented experience and insight into politics, sport, media, finance and theology. The 2022 cohort were able to provide essential support and development for the program itself, which has been matured to deliver even better results in 2023. The 2023 program had unprecedented demand, but ten fellows were successfully recruited and are now on a journey of a lifetime.

The program makes a special effort to identify strong candidates from diverse backgrounds and invest in them, so they be real change makers. The 2023 cohort are a great example of what our youth can do when supported and already are making enormous progress in their self-development.

Our focus is to support ten young people every year that can be ambassadors of the Islamic faith across civil society. We want them to be proud, confident, and high impact professionals who are committed to serving the needs of the faith and the faithful.

***Waqfinity***

2022 was another strong year for Waqfinity. The platform was able to further its reach with key charity partners while provide thought leadership in the global waqf space. Waqfinity was able to have traction in three key areas:

Portfolio Growth

Waqfinity was able to add another property to the Mercy Mission UK endowment. We successfully completed the purchase of Forward House, Mount Street, Bradford. This is an industrial unit which is purchased with the support of impact investors to support the growth of the endowment.

Education

Waqfinity was the showcase project at the World Zakat and Waqf Forum 2022. Waqfinity presented on the importance of democratising Waqf giving, the value of digitising sovereign Waqf and the value of working with the business community through cash waqf structures.

Partnership Engagement

Waqfinity has taken a partnership approach to its agenda, and successfully engaged a number of major Waqf from Asia. There is significant interest from some of the largest Waqf operators to utilise the Waqfinity product to improve engagement and growth with a new generation of potential funders.

**Strengthening Self Sustainability Through Capacity Building**

We are committed to ensuring we become more sustainable, however the route to that for us, also must be aligned to our charitable purpose. As such we have actively been building our services that benefit the charity sector and specifically actors in the Islamic philanthropy space.

In this regard we have developed two core interventions which create revenue for the organisation, while providing essential capacity building support to the sector as a whole.

***Virtual Donor Advised Fund Services (VDAFs):***

Mercy Mission UK launched its DAF in January 2022. The response was immediate and a portfolio of partners have emerged that are benefitting from the DAF. The Mercy Mission UK enables partner organisations to:

- Manage grant making in a cost-effective manner
- Enable best in class governance policies and procedures govern the giving process
- Benefit from a diverse range of giving options from small start-ups to major international charities
- Embrace learning from other DAF users who are seeking to add value to civil society

Mercy Mission UK is proud to provide VDAF services to:

- Shamaazi
  Shamaazi operates one of the best performing giving platform in the UK, mytennights.com. The company uses the DAF to ensure all donor wishes are captured and delivered against, while syndicating knowledge and intelligence for high impact grant giving where the donor surrenders selection to the platform.

- Funders in Good (FiG)
  FiG is a wonderful new giving circle, whereby a small group of venture philanthropists work together to identify high potential organisations in the UK, and capitalise them with essential funds. Itself a start-up FiG has been able to accelerate its journey through being able to focus on core business, while the administration of finances and administration is handled by Mercy Mission UK.

- Quantum Seven (Q7)
  Q7 is a private fund focussed on the needs of people in financial distress in Turkey and the United States. With the help of a non-executive board the fund identifies noble individuals that would benefit from a cash grant to improve life circumstances.

***Incubation Rails Services (IRS)***

In 2021, Mercy Mission UK and the Collective Continuum Inc entered a partnership to launch the first Islamic venture philanthropy initiative in Europe. The focus of 2022 has been to design, develop and deliver high impact enterprises while providing access to capital to well led start-ups. This partnership has brought enormous value and despite being only in its second full year is working on six major ventures that improve life circumstances and understanding across the globe.

Through a dedicated team in Mercy Mission UK, we provide, the following key services, which are enabling this project to rapidly emerge. These services include:

| | |
|---|---|
| Finance | Project Management |
| Marketing | Social Media Channel Management |

The Future

2022 was a wonderful year for Mercy Mission UK. It is also a year which has had a massive impact on the direction the organisation takes and its role in civil society. We are heading into challenging times, and it is important that faith actors understand the role and value they have in those times being better for all. Mercy Mission UK thanks all its supporters and partners and encourages further engagement for co-creating solutions for a better and brighter tomorrow.

**Financial review**

The Statement of Financial Activities on page 11 shows a net surplus of £1,963,576 (2021: £175,140).

The trustees consider the state of the charity's affairs to be satisfactory.

At the year end, overall reserves totalled £2,573,263 (2021: £609,687). The charity retains reserves as a contingency against operational risks and for investment in strategic projects.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

**Structure, governance and management**

The charity is a company limited by guarantee and incorporated under the Companies Act 2006. The company's governing document is its Articles of Association. The companies charity number is 1122922 with its company number of 06380231.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M Ikram
Ms F Mohammad
Mr I Mansha
Ms Z Kidwai (Appointed 23 January 2023)

The trustees are in regular communication and meet to discuss delivery of the objectives and strategic matters of the charity. A management structure is in place to provide controls and ensure the efficient and successful running of the charity. The trustees may appoint by ordinary resolution a person who is willing and eligible to be a trustee.

All members of the company are entitled to receive notice of any resolution to be put to a general meeting to appoint a trustee. One new trustee was appointed during the year and there were no resignations.

The trustees' report was approved by the Board of Trustees.

ILYAS MANSHA
**Trustee**

**Name**

Date 24/10/2023

# MERCY MISSION

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

## *FOR THE YEAR ENDED 31 DECEMBER 2022*

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The trustees, who are also the directors of Mercy Mission UK for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law 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 charitable company for that year.

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 UK 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 operation.

The trustees are responsible for keeping adequate 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 Companies Act 2006. 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.

# MERCY MISSION

## INDEPENDENT AUDITOR'S REPORT

## TO THE TRUSTEES OF MERCY MISSION UK

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**Opinion**

We have audited the financial statements of Mercy Mission UK (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 *Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

# TO THE TRUSTEES OF MERCY MISSION UK

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**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:

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

We gained an understanding of the legal and regulatory framework applicable to the Trust and the charitable sector in which it operates, and considered the risk of acts by the Trust that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2016 and UK Charity legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal professionals. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

# MERCY MISSION

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## TO THE TRUSTEES OF MERCY MISSION UK

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**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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Mohammad Jilani (Senior Statutory Auditor)**
**for and on behalf of Pearlman Rose**

Pearlman Rose 25 Oct 2023

**Chartered Accountants**
**Statutory Auditor**

39-40 Skylines Village
Limeharbour, Docklands,
London
E14 9TS

Pearlman Rose is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# MERCY MISSION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

## *FOR THE YEAR ENDED 31 DECEMBER 2022*

| | Notes | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|---|---|---|---|---|---|---|
| **Income from:** | | | | | | | |
| Donations and legacies | 3 | 433,251 | 11,272,615 | 11,705,866 | 354,723 | 186,132 | 540,855 |
| Charitable activities | 4 | 957,671 | 149,106 | 1,106,777 | 9,150 | 27,142 | 36,292 |
| Investments | 5 | 13,645 | - | 13,645 | 15 | - | 15 |
| **Total income** | | 1,404,567 | 11,421,721 | 12,826,288 | 363,888 | 213,274 | 577,162 |
| **Expenditure on:** | | | | | | | |
| Raising funds | 6 | - | 178,392 | 178,392 | - | 7,127 | 7,127 |
| Charitable activities | 7 | 1,267,104 | 9,417,216 | 10,684,320 | 312,883 | 82,012 | 394,895 |
| **Total expenditure** | | 1,267,104 | 9,595,608 | 10,862,712 | 312,883 | 89,139 | 402,022 |
| Gross transfers between funds | | - | - | - | (6,806) | 6,806 | - |
| **Net income for the year/ Net movement in funds** | | 137,463 | 1,826,113 | 1,963,576 | 44,199 | 130,941 | 175,140 |
| Fund balances at 1 January 2022 | | 189,947 | 419,740 | 609,687 | 145,748 | 288,799 | 434,547 |
| **Fund balances at 31 December 2022** | | 327,410 | 2,245,853 | 2,573,263 | 189,947 | 419,740 | 609,687 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# MERCY MISSION

## BALANCE SHEET

## *AS AT 31 DECEMBER 2022*

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **12** | | 20,433 | | 12,587 |
| Tangible assets | **13** | | 1,403,775 | | 1,413,585 |
| | | | 1,424,208 | | 1,426,172 |
| **Current assets** | | | | | |
| Debtors | **14** | 37,584 | | 5,952 | |
| Cash at bank and in hand | | 2,118,116 | | 227,362 | |
| | | 2,155,700 | | 233,314 | |
| **Creditors: amounts falling due within one year** | **16** | (165,797) | | (144,160) | |
| Net current assets | | | 1,989,903 | | 89,154 |
| **Total assets less current liabilities** | | | 3,414,111 | | 1,515,326 |
| **Creditors: amounts falling due after more than one year** | **17** | | (840,848) | | (905,639) |
| **Net assets** | | | 2,573,263 | | 609,687 |
| **Income funds** | | | | | |
| Restricted funds | **19** | | 2,245,853 | | 419,740 |
| Unrestricted funds | | | 327,410 | | 189,947 |
| | | | 2,573,263 | | 609,687 |

# MERCY MISSION

## BALANCE SHEET (CONTINUED)

## *AS AT 31 DECEMBER 2022*

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 23/10/23

I Olanda
.....
**Trustee**

ILYAS MANSHA
.....
**Name**

**Company registration number 06380231**

# MERCY MISSION

## STATEMENT OF CASH FLOWS

## *FOR THE YEAR ENDED 31 DECEMBER 2022*

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **22** | | 2,023,491 | | 148,928 |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (7,847) | | (3,772) | |
| Purchase of tangible fixed assets | | (1,744) | | (1,417,366) | |
| Investment income received | | 13,645 | | 15 | |
| **Net cash generated from/(used in) investing activities** | | | 4,054 | | (1,421,123) |
| **Financing activities** | | | | | |
| Repayment of borrowings | | (72,000) | | (38,000) | |
| Bank loan re-classified as long term | | (64,791) | | 970,430 | |
| **Net cash (used in)/generated from financing activities** | | | (136,791) | | 932,430 |
| **Net increase/(decrease) in cash and cash equivalents** | | | 1,890,754 | | (339,765) |
| Cash and cash equivalents at beginning of year | | 227,362 | | 567,127 | |
| **Cash and cash equivalents at end of year** | | 2,118,116 | | 227,362 | |

# MERCY MISSION

## NOTES TO THE FINANCIAL STATEMENTS

## *FOR THE YEAR ENDED 31 DECEMBER 2022*

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### 1 Accounting policies

#### Charity information

Mercy Mission UK is a private company limited by guarantee incorporated in England and Wales. The registered office is 203 Westgate, Bradford, BD1 3AD, England.

### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

## 1 Accounting policies (Continued)

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Development costs | No amortisation |

### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Freehold land and buildings | Not depreciated |
| Fixtures and fittings | 20-33% straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

### 1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## 1 Accounting policies (Continued)

### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## 2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are not considered to be any judgements or key sources of estimation uncertainty within these financial statements as all transactions are measured at cost.

## 3 Donations and legacies

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds | Restricted funds | Total |
|---|---|---|---|---|---|---|
| | 2022 £ | 2022 £ | 2022 £ | 2021 £ | 2021 £ | 2021 £ |
| Donations and gifts | 433,251 | 11,272,615 | 11,705,866 | 354,723 | 186,132 | 540,855 |

## 4 Charitable activities

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Services provided under contract | 957,671 | - |
| Future Leadership Programme | - | 9,150 |
| Charitable rental income | 149,106 | 27,142 |
| | 1,106,777 | 36,292 |
| **Analysis by fund** | | |
| Unrestricted funds | 957,671 | 9,150 |
| Restricted funds | 149,106 | 27,142 |
| | 1,106,777 | 36,292 |

## 5 Investments

| | Unrestricted funds | Unrestricted funds |
|---|---|---|
| | 2022 | 2021 |
| | £ | £ |
| Licence income | 10,847 | - |
| Interest receivable | 2,798 | 15 |
| | 13,645 | 15 |

## 6 Raising funds

| | Restricted funds | Restricted funds |
|---|---|---|
| | 2022 | 2021 |
| | £ | £ |
| Fundraising and publicity | | |
| Platform fees | 178,392 | - |
| Other fundraising costs | - | 7,127 |
| Fundraising and publicity | 178,392 | 7,127 |
| | 178,392 | 7,127 |

## 7 Charitable activities

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Staff costs | 66,693 | 55,631 |
| Depreciation and impairment | 11,554 | 5,027 |
| Subcontractor costs | 22,010 | 405 |
| Rent and rates | 5,600 | 6,151 |
| Telecommunications | 433 | 244 |
| Travel | 17,883 | 677 |
| Computer expenses | - | 3,662 |
| Subscriptions | 3,057 | 39 |
| Advertising | 75,615 | 12,967 |
| Printing and stationery | 980 | 944 |
| Legal and professional | 105,309 | 11,423 |
| Consultancy | 145,731 | 6,144 |
| Accountancy | 4,550 | 3,150 |
| Audit | 10,764 | - |
| Admin and finance | 19,882 | 1,160 |
| Bank charges | 830 | 175 |
| General expenses | 13,331 | 1,385 |
| Merchant fees | 2,361 | - |
| Exchange rate differences | (15,843) | - |
| Building insurance | 14,358 | 14,358 |
| Building repair costs | 15,965 | 15,775 |
| Property maintenance | 822 | 28,582 |
| Gas and electric | - | 820 |
| | 521,885 | 168,719 |
| Grant funding of activities (see note 8) | 10,162,435 | 226,176 |
| | 10,684,320 | 394,895 |
| **Analysis by fund** | | |
| Unrestricted funds | 1,267,104 | 312,883 |
| Restricted funds | 9,417,216 | 82,012 |
| | 10,684,320 | 394,895 |

## 8 Grants payable

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Grants to institutions: | | |
| Other | 10,150,775 | 226,176 |
| Grants to individuals | 11,660 | - |
| | 10,162,435 | 226,176 |

## 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

## 10 Employees

The average monthly number of employees during the year was:

| | 2022 | 2021 |
|---|---|---|
| | Number | Number |
| Employees | 3 | 3 |

| **Employment costs** | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 61,315 | 53,606 |
| Social security costs | 964 | 1,675 |
| Other pension costs | - | 350 |
| | 62,279 | 55,631 |

There were no employees whose annual remuneration was more than £60,000.

## 11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxationof Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

## 12 Intangible fixed assets

| | Development costs |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2022 | 12,586 |
| Additions - internally developed | 7,847 |
| At 31 December 2022 | 20,433 |
| **Amortisation and impairment** | |
| At 1 January 2022 and 31 December 2022 | - |
| **Carrying amount** | |
| At 31 December 2022 | 20,433 |
| At 31 December 2021 | 12,587 |

## 13 Tangible fixed assets

| | Freehold land and buildings | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2022 | 1,360,000 | 73,287 | 1,433,287 |
| Additions | - | 1,744 | 1,744 |
| At 31 December 2022 | 1,360,000 | 75,031 | 1,435,031 |
| **Depreciation and impairment** | | | |
| At 1 January 2022 | - | 19,702 | 19,702 |
| Depreciation charged in the year | - | 11,554 | 11,554 |
| At 31 December 2022 | - | 31,256 | 31,256 |
| **Carrying amount** | | | |
| At 31 December 2022 | 1,360,000 | 43,775 | 1,403,775 |
| At 31 December 2021 | 1,360,000 | 53,585 | 1,413,585 |

Freehold property with a carrying value of £1,360,000 was purchased during the year. As a result of this, the Trustees are of the opinion that the carrying value is materially correct at the balance sheet date.

## 14 Debtors

| Amounts falling due within one year: | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Trade debtors | 7,399 | 5,952 |
| Other debtors | 30,010 | - |
| Prepayments and accrued income | 175 | - |
| | 37,584 | 5,952 |

## 15 Loans and overdrafts

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Bank loans | 905,639 | 970,430 |
| Other loans | - | 72,000 |
| | 905,639 | 1,042,430 |
| Payable within one year | 64,791 | 136,791 |
| Payable after one year | 840,848 | 905,639 |

## 16 Creditors: amounts falling due within one year

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| Bank loans | 15 | 64,791 | 64,791 |
| Other borrowings | | - | 72,000 |
| Other taxation and social security | | 5,505 | 5,083 |
| Trade creditors | | 81,161 | 1,979 |
| Other creditors | | 76 | (23) |
| Accruals and deferred income | | 14,264 | 330 |
| | | 165,797 | 144,160 |

## 17 Creditors: amounts falling due after more than one year

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| Bank loans | 15 | 840,848 | 905,639 |

## 18 Retirement benefit schemes

### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £76:2022 (£350:2021).

## 19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | | Movement in funds | | | | Movement in funds | | |
|---|---|---|---|---|---|---|---|---|
| | Balance at 1 January 2021 | Incoming resources | Resources expended | Transfers | Balance at 1 January 2022 | Incoming resources | Resources expended | Balance at 31 December 2022 |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| WAQF | 288,799 | 82,951 | (44,918) | - | 326,832 | - | - | 326,832 |
| FIG | - | 38,000 | - | - | 38,000 | - | - | 38,000 |
| Rasullah | - | 65,055 | (10,147) | - | 54,908 | - | - | 54,908 |
| Projects donations | - | 27,268 | (34,074) | 6,806 | - | - | - | - |
| Shamaazi | - | - | - | - | - | 11,272,614 | (9,594,786) | 1,677,828 |
| Creative lofts - rental | - | - | - | - | - | 149,107 | - | 149,107 |
| Restricted funds < £50,000 | - | - | - | - | - | - | (822) | (822) |
| | 288,799 | 213,274 | (89,139) | 6,806 | 419,740 | 11,421,721 | (9,595,608) | 2,245,853 |

## 20 Analysis of net assets between funds

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|---|---|---|---|---|---|
| Fund balances at 31 December 2022 are represented by: | | | | | | |
| Intangible fixed assets | 20,433 | - | 20,433 | 12,587 | - | 12,587 |
| Tangible assets | 43,775 | 1,360,000 | 1,403,775 | 3,804 | 1,409,781 | 1,413,585 |
| Current assets/(liabilities) | 263,202 | 1,726,701 | 1,989,903 | 1,079,195 | (990,041) | 89,154 |
| Long term liabilities | - | (840,848) | (840,848) | (905,639) | - | (905,639) |
| | 327,410 | 2,245,853 | 2,573,263 | 189,947 | 419,740 | 609,687 |

## 21 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

## 22 Cash generated from operations

| | 2022 £ | 2021 £ |
|---|---|---|
| Surplus for the year | 1,963,576 | 175,140 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (13,645) | (15) |
| Depreciation and impairment of tangible fixed assets | 11,554 | 5,027 |
| Movements in working capital: | | |
| (Increase) in debtors | (31,632) | (5,952) |
| Increase/(decrease) in creditors | 93,638 | (25,272) |
| **Cash generated from operations** | 2,023,491 | 148,928 |

## 23 Analysis of changes in net funds/(debt)

| | At 1 January 2022 £ | Cash flows £ | At 31 December 2022 £ |
|---|---|---|---|
| Cash at bank and in hand | 227,362 | 1,890,754 | 2,118,116 |
| Loans falling due within one year | (136,791) | 72,000 | (64,791) |
| Loans falling due after more than one year | (905,639) | 64,791 | (840,848) |
| | (815,068) | 2,027,545 | 1,212,477 |

**MERCY MISSION UK**

England & Wales - Charity number 1122922

# Accounts

Charity registration number 1122922

Company registration number 06380231 (England and Wales)

# MERCY MISSION UK

# ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2021

# MERCY MISSION UK

## LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|---|---|---|
| **Trustees and company directors** | Mr M Ikram<br>Ms F Mohammad<br>Mr I Mansha | (Appointed 7 October 2021) |
| **Secretaries** | Mr M Ikram<br>Mrs A Imran | |
| **Charity number** | 1122922 | |
| **Company number** | 06380231 | |
| **Registered office** | 203 Westgate<br>Bradford<br>England<br>BD1 3AD | |
| **Independent examiner** | AMS Accountants Corporate Limited<br>Chartered Accountants<br>Floor 2<br>9 Portland Street<br>Manchester<br>United Kingdom<br>M1 3BE | |

# MERCY MISSION UK

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# MERCY MISSION UK

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

## *FOR THE YEAR ENDED 31 DECEMBER 2021*

The trustees present their annual report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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**

The charity's objects are as follows :

(1) To advance the Islamic faith for the benefit of the worldwide population through, amongst other things the holding of events, lectures, producing and/or distributing a broad range of literature via a broad range of media in order to enlighten both Muslims and non-Muslims about Islam.

(2) The prevention and relief of poverty or financial hardship in the world by providing or assisting in the provision of grants, items and services to individuals in need and/or charities, or other organisations working to prevent or relieve poverty.

(3) To promote social inclusion for the public benefit by working with people in both the UK and the rest of the world who are socially excluded on the grounds of their ethnic original, religion, belief or creed (in particular, members of the Muslim community) to relieve the needs of such people and assist them to integrate into society.

(4) The promotion of religious harmony for the benefit of the public.

The policies adopted in furtherance of these objects are detailed in the achievements and performance section below.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

**Achievements and performance**
The Messenger of God, peace and blessings said, '**Unity is a mercy**'

Musnad Aḥmad 17982

In 2021 as the world opened up following the emergence of the Corona virus, unity being a mercy is something we have truly seen. Civic activity has continued to excel across the country, with organisations of all shapes and sizes seeking to work together on the challenges of our time. This blessing is something Mercy Mission UK has been witness to and tried to contribute to further with the backing of our wonderful supporters.

2021: A Year of Mercy and Unit

Our focus in 2021 was to consider what role we should be playing in responding to the challenges being faced in the country. This led us to three key areas:

1. Sustainability
2. Advocacy
3. Leadership Development

As such we decided to focus on the following key areas of our work:

**Sustainability**
We successfully completed the purchase of a Waqf property in Yorkshire. 21 apartments in the heart of the Huddersfield town centre. Within five months, we were able to complete a successful renovation of the building and bring it to market, and ensure it was fully occupied and profit making. This was a great achievement as it has been our first investment and has become a landmark for the town for the quality and affordability of the units.

This effort has been supported by a determination to create a tech-platform that will enable ordinary people to start their own Waqf which can support the investment portfolio we are trying to build for the charity. The new platform identity has been successfully created and we hope in 2022 to design, develop and deliver the platform to the market enabling ordinary people to establish a Waqf with as little as £1000 GBP.

We have also successfully designed a new structure to enable philanthropists to accelerate their giving in a super-efficient and effective manner; a donor advised fund (DAF). We are looking forward to companies and families to use this and enable Mercy Mission UK to play a more active role in community giving. We have successfully tested the mechanism in 2021 and are confident this will achieve rapid growth in 2022, God Willing.

**Advocacy**
Working with the Good Faith Partnership we supported an effort to document the contributions of faith communities during covid. 'Stepping Up and Stepping out' was an effort to ensure history would recognise the role faith communities played in helping the most vulnerable survive the pandemic. Mercy Mission UK was particularly concerned to ensure the efforts of Muslim communities were not lost with a short-term memory.

Our report was successfully launched with Rt. Hon. Danny Kruger MP, the mastermind behind the 'levelling up' agenda, and was well received and illustrated the value of Muslims in the most difficult challenge to this country since the world wars.

**Leadership Development**
In 2021 we established a partnership with St Benet's, University of Oxford, and the premier leadership academy, Faith in Leadership, to develop a high-performance leadership program for high potential undergraduates. The program was developed with a diverse range of voices and has sought to provide unprecedented access and experiences for young people. The program was able to recruit its ten fellows from a range of backgrounds and universities, and the inaugural program will be completed through 2022, God Willing.

**Small Grants Initiative**
Despite our financial challenges, we retained our focus on supporting high potential initiatives with tactical support funding. In 2021 our grant making focussed on two key areas:

1. Peace and Reconciliation
   A key priority of Mercy Mission UK is to fund those organisations which focus on unity and community building. In 2021 we worked with the Istanbul Foundation for Science and Culture for their conference which was to promote, unity, community cohesion and faith literacy. As the main event sponsor, our focus was ensuring the message to the thousands of people participating in the event from across the world was to focus on high quality programmes that unite communities and are true to the scriptures.

2. Refugee Resettlement
   Since 2018 Mercy Mission UK has taken a keen interest in refugee resettlement. We have been eager to support those refugees who have managed to get to the UK to be reunited with families they may have left behind in camps. In 2021 we worked with three exceptional partners to support reunion across the country. These partners included:
   a. Green Lane Mosque
   a. Islamic Human Rights Commission
   b. Barnet Refugee Service (BRS)

**ACHIEVEMENTS AND PERFORMANCE**

In 2021 our key achievements were undoubtedly:

1. Successfully acquiring and launching our first Waqf property
2. Cataloguing the value of Muslims to civil society
3. Delivering essential small grants to noteworthy organisations
4. Creating our MVP platform: www.Waqfinity.com
5. Launch of our DAF

**Financial review**
The Statement of Financial Activities on page 6 shows a net surplus of £175,139 (2020: £71,269).

The trustees consider the state of the charity's affairs to be satisfactory.

At the year end, overall reserves totaled £609,687 (2020: £434,547), The charity retains reserves as a contingency against operational risks and for investment in strategic projects.

The trustees have established a policy in respect of the charitable activities whereby the reserves held by the charity after taking into account the fixed asset balances should be approximately three months of expenditure, which equates to £104,518 based on the year to December 2021 results. Current reserves in the charity alone are in excess of £145,000 which is deemed appropriate.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

**Plans for future periods**

2022 is a big year for Mercy Mission UK as we seek to accelerate the growth of the organisation through the DAF model we have built. We have successfully secured a partnership with the world's fastest growing giving platform, My Ten Nights, and we expect to ensure our DAF works well for them in delivering approximately $15m of assistance to the most impactful charities on the planet.

This will be supported by an active effort to grow our investment portfolio for the endowment, and we hope to close two more properties in 2022. This will enable us to further illustrate the importance of reviving this prophetic tool of sustainable philanthropy.

We also hope our leadership program will be off to a flying start for the candidates coming from across the country, cultural backgrounds and a university spread from Cambridge to Bradford.

2021 is a year of growth an unity and we look forward to doing justice to these key concerns of British Muslims.

**Structure, governance and management**

The charity is a company limited by guarantee and incorporated under the Companies Act 2006. The company's governing document is its Articles of Association. The companies charity number is 1122922 with its company number of 06380231.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M Ikram
Ms F Mohammad (Appointed 7 October 2021)
Mr I Mansha

The trustees are in regular communication and meet to discuss delivery of the objectives and strategic matters of the charity. A management structure is in place to provide controls and ensure the efficient and successful running of the charity. The trustees may appoint by ordinary resolution a person who is willing and eligible to be a trustee.

All members of the company are entitled to receive notice of any resolution to be put to a general meeting to appoint a trustee. One new trustee was appointed during the year and there were no resignations.

The trustees' report was approved by the Board of Trustees.

.....
Mr M Ikram
**Trustee**

Date: 25/10/2022

# MERCY MISSION UK

## INDEPENDENT EXAMINER'S REPORT

## TO THE TRUSTEES OF MERCY MISSION UK

I report to the trustees on my examination of the financial statements of Mercy Mission UK (the charity) for the year ended 31 December 2021.

**Responsibilities and basis of report**

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent examiner's statement**

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no 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 the charity as required by section 386 of the 2006 Act; or

2 the financial statements do not accord with those records; or

3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act 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; or

4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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 financial statements to be reached.

*AMS Accountants Corporate*

**AMS Accountants Corporate Limited**

Chartered Accountants
Floor 2
9 Portland Street
Manchester
M1 3BE
United Kingdom

Dated: 28/10/2022

# MERCY MISSION UK

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

### *FOR THE YEAR ENDED 31 DECEMBER 2021*

| | Notes | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ |
|---|---|---|---|---|---|---|---|
| **Income from:** | | | | | | | |
| Donations and legacies | 3 | 354,723 | 186,132 | 540,855 | 137,643 | 63,616 | 201,259 |
| Charitable activities | 4 | 9,150 | 27,142 | 36,292 | - | - | - |
| Investments | 5 | 15 | - | 15 | - | - | - |
| Covid grant income | | - | - | - | 27,200 | - | 27,200 |
| **Total income** | | 363,888 | 213,274 | 577,162 | 164,843 | 63,616 | 228,459 |
| **Expenditure on:** | | | | | | | |
| Raising funds | 6 | - | 7,127 | 7,127 | - | 36,319 | 36,319 |
| Charitable activities | 7 | 312,883 | 82,012 | 394,895 | 120,871 | - | 120,871 |
| **Total expenditure** | | 312,883 | 89,139 | 402,022 | 120,871 | 36,319 | 157,190 |
| **Net incoming resources before transfers** | | 51,005 | 124,135 | 175,140 | 43,972 | 27,297 | 71,269 |
| Gross transfers between funds | | (6,806) | 6,806 | - | - | - | - |
| **Net income for the year/ Net movement in funds** | | 44,199 | 130,941 | 175,140 | 43,972 | 27,297 | 71,269 |
| Fund balances at 1 January 2021 | | 145,748 | 288,799 | 434,547 | 101,776 | 261,502 | 363,278 |
| **Fund balances at 31 December 2021** | | 189,947 | 419,740 | 609,687 | 145,748 | 288,799 | 434,547 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# MERCY MISSION UK

## BALANCE SHEET

### *AS AT 31 DECEMBER 2021*

| | Notes | 2021 £ | 2021 £ | 2020 £ | 2020 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **11** | | 12,587 | | 8,815 |
| Tangible assets | **12** | | 1,413,585 | | 1,246 |
| | | | 1,426,172 | | 10,061 |
| **Current assets** | | | | | |
| Debtors | **13** | 5,952 | | - | |
| Cash at bank and in hand | | 227,362 | | 567,127 | |
| | | 233,314 | | 567,127 | |
| **Creditors: amounts falling due within one year** | **15** | (1,049,799) | | (142,641) | |
| Net current (liabilities)/assets | | | (816,485) | | 424,486 |
| **Total assets less current liabilities** | | | 609,687 | | 434,547 |
| **Income funds** | | | | | |
| Restricted funds | **16** | | 419,740 | | 288,799 |
| Unrestricted funds | | | 189,947 | | 145,748 |
| | | | 609,687 | | 434,547 |

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2021.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 25/10/2022

.....

Mr M Ikram

**Trustee**

**Company registration number 06380231**

# MERCY MISSION UK

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 DECEMBER 2021*

| | Notes | 2021 £ | 2021 £ | 2020 £ | 2020 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **19** | | 1,119,358 | | 57,763 |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (3,772) | | - | |
| Purchase of tangible fixed assets | | (1,417,366) | | - | |
| Investment income received | | 15 | | - | |
| **Net cash used in investing activities** | | | (1,421,123) | | - |
| **Financing activities** | | | | | |
| Repayment of borrowings | | (38,000) | | 48,942 | |
| **Net cash (used in)/generated from financing activities** | | | (38,000) | | 48,942 |
| **Net (decrease)/increase in cash and cash equivalents** | | | (339,765) | | 106,705 |
| Cash and cash equivalents at beginning of year | | | 567,127 | | 460,422 |
| **Cash and cash equivalents at end of year** | | | 227,362 | | 567,127 |

**1 Accounting policies**

**Charity information**

Mercy Mission UK is a private company limited by guarantee incorporated in England and Wales. The registered office is 203 Westgate, Bradford, BD1 3AD, England.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

**1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

**1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

**1 Accounting policies** **(Continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Development costs | No amortisation |

**1.7 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Freehold land and buildings | Not depreciated |
| Fixtures and fittings | 20-33% straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

**1.8 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**1.9 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1 Accounting policies** **(Continued)**

**1.10 Financial instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**1.11 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## 2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 3 Donations and legacies

| | **Unrestricted funds** | **Restricted funds** | **Total** | Unrestricted funds | Restricted funds | Total |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | 2020 | 2020 | 2020 |
| | **£** | **£** | **£** | £ | £ | £ |
| Donations and gifts | 354,723 | 186,132 | 540,855 | 137,643 | 63,616 | 201,259 |

## 4 Charitable activities

| | **2021** | **2020** |
|---|---|---|
| | **£** | **£** |
| Future Leadership Programme | 9,150 | - |
| Charitable rental income | 27,142 | - |
| | 36,292 | - |
| Analysis by fund | | |
| Unrestricted funds | 9,150 | - |
| Restricted funds | 27,142 | - |
| | 36,292 | - |

## 5 Investments

| | **Unrestricted funds** | Total |
|---|---|---|
| | **2021** | 2020 |
| | **£** | £ |
| Interest receivable | 15 | - |

**6 Raising funds**

| | **Restricted funds** | Restricted funds |
|---|---|---|
| | **2021** | 2020 |
| | **£** | £ |
| Fundraising and publicity | | |
| Other fundraising costs | 7,127 | 36,319 |
| | 7,127 | 36,319 |

## 7 Charitable activities

| | 2021 £ | 2020 £ |
|---|---|---|
| Staff costs | 55,631 | 40,672 |
| Depreciation and impairment | 5,027 | - |
| Subcontractor costs | 405 | 1,577 |
| Rent and rates | 6,151 | 3,200 |
| Telecommunications | 244 | 411 |
| Travel | 677 | 275 |
| Computer expenses | 3,662 | 5,952 |
| Subscriptions | 39 | 2,591 |
| Advertising | 12,967 | 6,377 |
| Printing and stationery | 944 | 1,031 |
| Legal and professional | 11,423 | 19,161 |
| Consultancy | 6,144 | - |
| Accountancy | 3,150 | 3,165 |
| Admin and finance | 1,160 | 2,480 |
| Bank charges | 175 | 108 |
| General expenses | 1,385 | - |
| Merchant fees | - | - |
| Building insurance | 14,358 | - |
| Building costs | 15,775 | - |
| Property maintenace | 28,582 | - |
| Gas and electric | 820 | - |
| | 168,719 | 87,000 |
| Grant funding of activities (see note 8) | 226,176 | 33,871 |
| | 394,895 | 120,871 |
| **Analysis by fund** | | |
| Unrestricted funds | 312,883 | 120,871 |
| Restricted funds | 82,012 | - |
| | 394,895 | 120,871 |

## 8 Grants payable

| | 2021 £ | 2020 £ |
|---|---|---|
| Grants to institutions: | | |
| Grants | 226,176 | 33,871 |

## 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

## 10 Employees

The average monthly number of employees during the year was:

| | 2021 Number | 2020 Number |
|---|---|---|
| | 3 | 3 |

| Employment costs | 2021 £ | 2020 £ |
|---|---|---|
| Wages and salaries | 53,606 | 36,800 |
| Social security costs | 1,675 | 3,872 |
| Other pension costs | 350 | - |
| | 55,631 | 40,672 |

There were no employees whose annual remuneration was more than £60,000.

## 11 Intangible fixed assets

| | Development costs £ |
|---|---|
| **Cost** | |
| At 1 January 2021 | 8,815 |
| Additions | 3,772 |
| At 31 December 2021 | 12,587 |
| **Amortisation and impairment** | |
| At 1 January 2021 and 31 December 2021 | - |
| **Carrying amount** | |
| At 31 December 2021 | 12,587 |
| At 31 December 2020 | 8,815 |

## 12 Tangible fixed assets

| | Freehold land and buildings | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2021 | - | 15,921 | 15,921 |
| Additions | 1,360,000 | 57,366 | 1,417,366 |
| At 31 December 2021 | 1,360,000 | 73,287 | 1,433,287 |
| **Depreciation and impairment** | | | |
| At 1 January 2021 | - | 14,675 | 14,675 |
| Depreciation charged in the year | - | 5,027 | 5,027 |
| At 31 December 2021 | - | 19,702 | 19,702 |
| **Carrying amount** | | | |
| At 31 December 2021 | 1,360,000 | 53,585 | 1,413,585 |
| At 31 December 2020 | - | 1,246 | 1,246 |

Freehold property with a carrying value of £1,360,000 was purchased during the year. As a result of this, the Trustees are of the opinion that the carrying value is materially correct at the balance sheet date.

## 13 Debtors

| | 2021 | 2020 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 5,952 | - |

## 14 Loans and overdrafts

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Other loans | 72,000 | 110,000 |
| Payable within one year | 72,000 | 110,000 |

**15 Creditors: amounts falling due within one year**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Borrowings | 72,000 | 110,000 |
| Other taxation and social security | 5,083 | 11,681 |
| Trade creditors | 1,979 | 20,983 |
| Other creditors | 970,407 | (23) |
| Accruals and deferred income | 330 | - |
| | 1,049,799 | 142,641 |

**16 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Movement in funds | | | | Movement in funds | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance at 1 January 2020 | Incoming resources | Resources expended | Balance at 1 January 2021 | Incoming resources | Resources expended | Transfers | Balance at 31 December 2021 |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| WAQF | 261,502 | 63,616 | (36,319) | 288,799 | 82,951 | (44,918) | - | 326,832 |
| FIG | - | - | - | - | 38,000 | - | - | 38,000 |
| Rasullah | - | - | - | - | 65,055 | (10,147) | - | 54,908 |
| Creative Lofts | - | - | - | - | 27,268 | (34,074) | 6,806 | - |
| | 261,502 | 63,616 | (36,319) | 288,799 | 213,274 | (89,139) | 6,806 | 419,740 |

**17 Analysis of net assets between funds**

| | Unrestricted funds 2021 | Restricted funds 2021 | Total 2021 | Unrestricted funds 2020 | Restricted funds 2020 | Total 2020 |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Fund balances at 31 December 2021 are represented by: | | | | | | |
| Intangible fixed assets | 12,587 | - | 12,587 | 8,815 | - | 8,815 |
| Tangible assets | 3,804 | 1,409,781 | 1,413,585 | - | 1,246 | 1,246 |
| Current assets/(liabilities) | 173,556 | (990,041) | (816,485) | 136,933 | 287,553 | 424,486 |
| | 189,947 | 419,740 | 609,687 | 145,748 | 288,799 | 434,547 |

**18 Related party transactions**

There were no disclosable related party transactions during the year (2020 - none).

**19 Cash generated from operations**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Surplus for the year | 175,140 | 71,269 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (15) | - |
| Depreciation and impairment of tangible fixed assets | 5,027 | - |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (5,952) | 4,000 |
| Increase/(decrease) in creditors | 945,158 | (17,506) |
| **Cash generated from operations** | 1,119,358 | 57,763 |

**20 Analysis of changes in net funds**

| | At 1 January 2021 | Cash flows | At 31 December 2021 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 567,127 | (339,765) | 227,362 |
| Loans falling due within one year | (110,000) | 38,000 | (72,000) |
| | 457,127 | (301,765) | 155,362 |

**MERCY MISSION UK**

England & Wales - Charity number 1122922

# Accounts

# *Mayden Group Ltd*

• CERTIFIED CHARTERED ACCOUNTANTS •

16 September 2021

Oakwood Court
City Road
Bradford
West Yorkshire
BD8 8JY
Mercy Mission UK

Dear ,

Accounts for Period ended 31/12/2020

Please find attached final accounts for Mercy Mission UK for the period ended 31/12/2020.

Please review the attached carefully and if you are happy that the accounts can be approved please print out a set of each of the attached documents, obtain appropriate signatures at the foot of each Balance Sheet and return the signed documents to this office.

Please do not hesitate to contact us if you have any queries.

Yours sincerely,

Hassan Ali
(FCCA)

114-116 Manningham Lane
Bradford, BD8 7JF
Tel: 01274-2552555

# Mercy Mission UK

Charity No. 1122922

Company No. 06380231

Trustees' Report and Unaudited Accounts

31 December 2020

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The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the unaudited financial statements of the charity for the year ended 31 December 2020.

## REFERENCE AND ADMINISTRATIVE DETAILS

Company No. 06380231

Charity No. 1122922

Principal Office

203 Westgate
Bradford
West Yorkshire
BD1 3AD

Registered Office

Oakwood Court
City Road
Bradford
West Yorkshire
BD8 8JY

Directors and Trustees

The Directors of the charitable company are its Trustees for the purposes of charity law.
The following Directors and Trustees served during the year:

F. Awan (Resigned 1 November 2020)
S. Ikram
I. Mansha

Directors of Corporate Trustees

I. Mansha S. Ikram

Company Secretary

S. Ikram

Accountants

Mayden Group Ltd
ACCA
114-116 Manningham Lane
Bradford
BD8 7JF

Bankers
Starling Bank
3rd floor, 2 Finsbury Ave
London
EC2M 2PP

ACHIEVEMENTS AND PERFORMANCE

In 2020 our key achievements were undoubtedly:

1. Maintaining essential charitable activities
2. Delivering essential small grants to noteworthy organisations
3. Creating our MVP platform: www.Waqfinity.com
4. Establishing a world class board of senior professionals to govern and guide the design, development and delivery of the world's first Waqf platform

OBJECTIVES AND ACTIVITIES

In 2020 the world was gripped by the Corona Virus. At Mercy Mission UK, we like countless other third sector organisations found ourselves severely restricted in being able to execute our core activities and publicly fundraise for support. The world was gripped by fear and unprecedented uncertainty in responding to the challenges of a global pandemic.

As such we decided to focus on two key areas of our work:

Waqf Development

In 2019 we committed to creating a platform through which every home and business could launch their very own Waqf, and in 2020 we worked tirelessly to consider how to best deliver on that commitment. We pulled together leaders in user experience customer service, Islamic jurisprudence, Islamic finance and FinTech development.

Our focus was to create the world's first digital endowment platform, enabling Waqf creation to be truly democratised and not just a part of the philanthropy of the wealthy.

In this process, we also worked closely with a range of charities to better understand their sustainability challenges and what value Waqf funding would bring to their charitable activity.

Small Grants Initiative

Despite our financial challenges, we retained our focus on supporting high potential initiatives with tactical support funding. In 2020 we made three such key grants:

*East Riding Community Foundation Trust (ERCFT)*

In 2020 we were approach by a high-performance community initiative in East Riding. Seeking to respond to the Covid-19 reality, a small collection of committed and hardworking doctors came together to provide essential services for their community. They approached us for support to sponsor their activities so they could grow and respond to the diversity of the new challenges the Corona virus provided.

*Yaseen Youth Centre (YYC)*

In 2020 we were approached by an ambitious new youth centre in Middlesex. The Yaseen Youth Centre is a rapidly growing service provider for young people Wembley, providing essential support to young people, especially through the isolation created by social distancing.

After careful consideration we decided to support the project manager with a full bursary to a leadership program at the University of Oxford.

The project manager was seeking to improve their leadership capacity to better serve the rapidly changing environment in which they were trying to continue delivering the services of their youth centre.

*Barnet Refugee Service (BRS)*

The BRS is a grass roots community organisation with a focus on the needs of refugees. With the realities of Covid-19, they faced many funding challenges, and the reality of

many clients who had been granted right to remain and family reunion, but no means to fund that. The consequential reality being, they ran the risk of losing the opportunity to unite their families, despite having the legal ability. We recognised it was not simple to find work or borrow due to the unprecedented financial reality of the mass closure of the country. As such we funded a small number of vulnerable families to be reunited.

*My Foster Family (MFF)*

With the reality of Covid and the need to move more and more services online, we made a small grant to one of our previous incubations. This was with a view if improving their online presence and their data management credentials. This was an important investment for the organisation as it sought to pivot its offering and continue to provide support to foster carers and perspective foster carers.

## PLANS FOR FUTURE PERIODS

Like most in the world we are eager to see an end to the Corona virus and hope for better times in 2021. 2021 is all about building the Waqf narrative with the community and launching our first projects. We are eager for 2021 to be the year in which:

1. The full Waqfinity platform is launched
2. Our new external incubation facility is launched; allowing external incubations to be launched from the Mercy Mission UK platform
3. Our real estate portfolio is brought to market with at least: a. 20 apartments b. 1 children's home c. 1 development project

The Trustees are responsible for keeping proper accounting records that 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 Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out in Part 15 of the Companies Act 2006 and in accordance with the Charities SORP (FRS 102).

Signed on behalf of the board

S. Ikram
Company Secretary
31 December 2020

## Independent Examiner's Report to the trustees of Mercy Mission UK

I report to the charity trustees on my examination of the accounts of Mercy Mission UK for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes.

### Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act.

Having satisfied myself that the accounts of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### Independent examiner's statement

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

- accounting records were not kept in accordance with section 386 of the 2006 Act ; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements under section 396 of the 2006 Act 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; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS 102).

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.

Mayden Group Ltd
ACCA
114-116 Manningham Lane
Bradford

BD8 7JF
31 December 2020

Mercy Mission UK
Statement of Financial Activities
for the year ended 31 December 2020

| | Notes | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|---|---|
| Income and endowments from: | | | | | |
| Donations and legacies | 4 | 137,643 | 63,616 | 201,259 | 450,745 |
| Charitable activities | 5 | - | - | - | 69,689 |
| Other | 6 | 27,200 | - | 27,200 | - |
| Total | | 164,843 | 63,616 | 228,459 | 520,434 |
| Expenditure on: | | | | | |
| Raising funds | 7 | - | 36,319 | 36,319 | 17,993 |
| Charitable activities | 8 | 33,872 | - | 33,872 | 201,473 |
| Other | 10 | 87,000 | - | 87,000 | 82,672 |
| Total | | 120,872 | 36,319 | 157,191 | 302,138 |
| Net gains on investments | | - | - | - | - |
| Net income | 11 | 43,971 | 27,297 | 71,268 | 218,296 |
| Transfers between funds | | - | - | - | - |
| Net income before other gains/(losses) | | 43,971 | 27,297 | 71,268 | 218,296 |
| Other gains and losses | | | | | |
| Net movement in funds | | 43,971 | 27,297 | 71,268 | 218,296 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 101,777 | 261,502 | 363,279 | 144,983 |
| Total funds carried forward | | 145,748 | 288,799 | 434,547 | 363,279 |

Mercy Mission UK
Summary Income and Expenditure Account
for the year ended 31 December 2020

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Income | 228,459 | 520,434 |
| Gross income for the year | 228,459 | 520,434 |
| Expenditure | 157,191 | 301,723 |
| Depreciation and charges for impairment of fixed assets | - | 415 |
| Total expenditure for the year | 157,191 | 302,138 |
| Net income before tax for the year | 71,268 | 218,296 |
| Net income for the year | 71,268 | 218,296 |

Mercy Mission UK
Balance Sheet

at 31 December 2020

| Company No. 06380231 | Notes | 2020 | 2019 |
|---|---|---|---|
| | | £ | £ |
| Fixed assets | | | |
| Intangible assets | 13 | 8,815 | 8,815 |
| Tangible assets | 14 | 1,246 | 1,246 |
| | | 10,061 | 10,061 |
| Current assets | | | |
| Debtors | 15 | - | 4,000 |
| Cash at bank and in hand | | 567,127 | 460,422 |
| | | 567,127 | 464,422 |
| Creditors: Amount falling due within one year | 16 | (142,641) | (111,204) |
| Net current assets | | 424,486 | 353,218 |
| Total assets less current liabilities | | 434,547 | 363,279 |
| Net assets excluding pension asset or liability | | 434,547 | 363,279 |
| Total net assets | | 434,547 | 363,279 |
| The funds of the charity | | | |
| Restricted funds | 17 | | |
| Restricted income funds | | 288,799 | 261,502 |
| | | 288,799 | 261,502 |
| Unrestricted funds | 17 | | |
| General funds | | 101,777 | 101,777 |
| Designated funds | | 43,971 | - |
| | | 145,748 | 101,777 |
| Reserves | 17 | | |
| Total funds | | 434,547 | 363,279 |

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.
For the year ended 31 December 2020 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.
The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the board on 31 December 2020

And signed on its behalf by:

S. Ikram
Trustee

Mercy Mission UK
Balance Sheet
31 December 2020

Mercy Mission UK
Statement of Cash flows
for the year ended 31 December 2020

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Cash flows from operating activities | | |
| Net income per Statement of Financial Activities | 71,268 | 218,296 |
| Adjustments for: | | |
| Grants Received | (27,200) | - |
| Other gains/losses | - | - |
| Decrease/(Increase) in trade and other receivables | 4,000 | (4,000) |
| (Decrease)/Increase in trade and other payables | (17,505) | 20,528 |
| Net cash provided by operating activities | 30,563 | 235,239 |
| Cash flows from investing activities | | |
| Covid Grants Received | 27,200 | - |
| Net cash from investing activities | 27,200 | - |
| Cash flows from financing activities | | |
| Increase or decrease in Waqf Loan | 48,942 | 61,058 |
| Net cash from financing activities | 48,942 | 61,058 |
| Net increase in cash and cash equivalents | 106,705 | 296,297 |
| Cash and cash equivalents at the beginning of the year | 460,422 | 164,125 |
| Cash and cash equivalents at the end of the year | 567,127 | 460,422 |
| Components of cash and cash equivalents | | |
| Cash and bank balances | 567,127 | 460,422 |
| | 567,127 | 460,422 |

## 1 Accounting policies

### Basis of preparation

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 Companies Act 2006.

### Change in basis of accounting or to previous accounts

There has been no change to the accounting policies (valuation rules and method of accounting) since last year and no changes have been made to accounts for previous years.

### Fund accounting

| | |
|---|---|
| Unrestricted funds | These are available for use at the discretion of the trustees in furtherance of the general objects of the charity. |
| Designated funds | These are unrestricted funds earmarked by the trustees for particular purposes. |
| Revaluation funds | These are unrestricted funds which include a revaluation reserve representing the restatement of investment assets at their market values. |
| Restricted funds | These are available for use subject to restrictions imposed by the donor or through terms of an appeal. |

### Income

| | |
|---|---|
| Recognition of income | Income is included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to, and virtually certain to receive, the income and the amount of the income can be measured with sufficient reliability. |
| Income with related expenditure | Where income has related expenditure the income and related expenditure is reported gross in the SoFA. |
| Donations and legacies | Voluntary income received by way of grants, donations and gifts is included in the the SoFA when receivable and only when the Charity has unconditional entitlement to the income. |
| Tax reclaims on donations and gifts | Income from tax reclaims is included in the SoFA at the same time as the gift/donation to which it relates. |
| Donated services and facilities | These are only included in income (with an equivalent amount in expenditure) where the benefit to the Charity is reasonably quantifiable, measurable and material. |
| Volunteer help | The value of any volunteer help received is not included in the accounts. |
| Investment income | This is included in the accounts when receivable. |
| Gains/(losses) on revaluation of fixed assets | This includes any gain or loss resulting from revaluing investments to market value at the end of the year. |
| Gains/(losses) on investment assets | This includes any gain or loss on the sale of investments. |

Expenditure

| | |
|---|---|
| Recognition of expenditure | Expenditure is recognised on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates. |
| Expenditure on raising funds | These comprise the costs associated with attracting voluntary income, fundraising trading costs and investment management costs. |
| Expenditure on charitable activities | These comprise the costs incurred by the Charity in the delivery of its activities and services in the furtherance of its objects, including the making of grants and governance costs. |
| Grants payable | All grant expenditure is accounted for on an actual paid basis plus an accrual for grants that have been approved by the trustees at the end of the year but not yet paid. |
| Governance costs | These include those costs associated with meeting the constitutional and statutory requirements of the Charity, including any audit/independent examination fees, costs linked to the strategic management of the Charity, together with a share of other administration costs. |
| Other expenditure | These are support costs not allocated to a particular activity. |

Taxation

The charity is exempt from corporation tax on its charitable activities.

Tangible fixed assets and depreciation

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

| | |
|---|---|
| Fixture and Fitting | 33.33-20% Straight line |

Freehold investment property

Investment properties are measured initially at cost and subsequently at fair value at each balance sheet date and are not depreciated. All gains or losses are taken to the Statement of Financial Activities as they arise.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Trade and other debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Trade and other creditors

Short term creditors are measured at the transaction price. Other creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities denominated in currencies other than the functional currency of the charity are translated at the rates of exchange prevailing at the end of the reporting period.
Transactions in currencies other than the functional currency of the charity are recorded at the rate of exchange on the date that the transaction occurred.
All exchange differences are are taken into account in arriving at net income/expenditure.

Leased assets

Where the charity enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.
Leases which do not transfer substantially all the risks and rewards of ownership to charity are classified as operating leases.
Assets held under finance leases are initially recognised as assets of the charity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet date as a finance lease obligation.
Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the charity's policy on borrowing costs.
Assets held under finance leases are depreciated in the same way as owned assets.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Pension costs

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Receipt of donated goods, facilities and services

All donated goods, facilities and services received are recognised within incoming resources and expenditure at an estimate of the value to the charity.

2 Company status

The company is a private company limited by guarantee and consequently does not have share capital.

3 Statement of Financial Activities - prior year

| | Unrestricted funds 2019 | Restricted funds 2019 | Total funds 2019 |
|---|---|---|---|
| | £ | £ | £ |
| Income and endowments from: | | | |
| Donations and legacies | 175,995 | 274,750 | 450,745 |
| Charitable activities | 69,689 | - | 69,689 |
| Total | 245,684 | 274,750 | 520,434 |
| Expenditure on: | | | |
| Raising funds | 4,745 | 13,248 | 17,993 |
| Charitable activities | 201,473 | - | 201,473 |
| Other | 82,672 | - | 82,672 |
| Total | 288,890 | 13,248 | 302,138 |
| Net income | (43,206) | 261,502 | 218,296 |
| Net income before other gains/(losses) | (43,206) | 261,502 | 218,296 |
| Other gains and losses: | | | |
| Net movement in funds | (43,206) | 261,502 | 218,296 |
| Reconciliation of funds: | | | |
| Total funds brought forward | 144,983 | - | 144,983 |
| Total funds carried forward | 101,777 | 261,502 | 363,279 |

4 Income from donations and legacies

| | Unrestricted | Restricted | Total 2020 | Total 2019 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| General Funds | 91,339 | - | 91,339 | 175,995 |
| Waqf | - | 63,616 | 63,616 | 274,750 |
| Gift Aid | 46,304 | - | 46,304 | - |
| | 137,643 | 63,616 | 201,259 | 450,745 |

5 Income from charitable activities

| | Total 2020 | Total 2019 |
|---|---|---|
| | £ | £ |
| | - | 56,349 |
| | - | 13,340 |
| | - | 69,689 |

6 Other income

| | Unrestricted | Total 2020 | Total 2019 |
|---|---|---|---|
| | £ | £ | £ |
| Covid Grants | 27,200 | 27,200 | - |
| | 27,200 | 27,200 | - |

7 Expenditure on raising funds

| | Total 2020 | Total 2019 |
|---|---|---|
| | £ | £ |
| *Costs of generating voluntary income* | | |
| General Funds | - | 4,745 |
| Waqf | 36,319 | 13,248 |
| | 36,319 | 17,993 |

8 Expenditure on charitable activities

| | Unrestricted | Total 2020 | Total 2019 |
|---|---|---|---|
| | £ | £ | £ |
| *Expenditure on charitable activities* | | | |
| | - | - | 72,481 |
| | - | - | 20,468 |
| | - | - | 23,118 |
| Grants made | 33,872 | 33,872 | 79,020 |
| *Governance costs* | | | |
| | - | - | 6,386 |
| | 33,872 | 33,872 | 201,473 |

9 Analysis of grants

| Activity or programme | Total 2020 | Total 2019 |
|---|---|---|
| | £ | £ |
| MY Foster Family CIC | 6,600 | 48,000 |
| Oxfam | - | 18,490 |
| IDP Project & Small Grants | 27,272 | 12,530 |
| | 33,872 | 79,020 |

| Activity or programme | Total 2020 | Total 2019 |
|---|---|---|
| | £ | £ |
| MY Foster Family CIC | - | 48,000 |
| Oxfam | - | 18,490 |
| IDP Project & Small Grants | - | 12,530 |
| | - | 79,020 |

10 Other expenditure

| | Unrestricted | Restricted | Total 2020 | Total 2019 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| | - | - | - | 4,000 |
| Employee costs | 42,249 | - | 42,249 | 42,866 |
| Motor and travel costs | 275 | - | 275 | 4,190 |
| Premises costs | 3,200 | - | 3,200 | 4,460 |
| Amortisation, depreciation, impairment, profit/loss on disposal of fixed assets | - | - | - | 415 |
| General administrative costs | 16,469 | - | 16,469 | 14,711 |
| Legal and professional costs | 24,807 | - | 24,807 | 12,030 |
| | 87,000 | - | 87,000 | 82,672 |

11 Net income before transfers

| | 2020 | 2019 |
|---|---|---|
| This is stated after charging: | £ | £ |
| Depreciation of owned fixed assets | - | 415 |

12 Staff costs

| | | |
|---|---|---|
| Salaries and wages | 36,800 | 40,245 |
| Social security costs | 3,872 | 2,618 |
| Pension costs | - | 3 |
| | 40,672 | 42,866 |

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

13 Intangible fixed assets

| | Develop-ment costs | Total |
|---|---|---|
| | £ | £ |
| Cost | | |
| At 1 January 2020 | 8,815 | 8,815 |
| At 31 December 2020 | 8,815 | 8,815 |
| Net book values | | |
| At 31 December 2020 | 8,815 | 8,815 |
| At 31 December 2019 | 8,815 | 8,815 |

14 Tangible fixed assets

| | Fixture and Fitting | Total |
|---|---|---|
| | £ | £ |
| Cost or revaluation | | |
| At 1 January 2020 | 15,921 | 15,921 |
| At 31 December 2020 | 15,921 | 15,921 |
| Depreciation and impairment | | |
| At 1 January 2020 | 14,675 | 14,675 |
| At 31 December 2020 | 14,675 | 14,675 |
| Net book values | | |
| At 31 December 2020 | 1,246 | 1,246 |
| At 31 December 2019 | 1,246 | 1,246 |

15 Debtors

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Trade debtors | - | 4,000 |
| Other debtors | - | - |
| | - | 4,000 |

16 Creditors:
amounts falling due within one year

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Other loans | 110,000 | 61,058 |
| Trade creditors | 20,984 | 40,645 |
| Other taxes and social security | 11,657 | 4,381 |
| Other creditors | - | 2,120 |
| Accruals and deferred income | - | 3,000 |
| | 142,641 | 111,204 |

17 Movement in funds

| | At 1 January 2020 | Incoming resources (including other gains/losses) | Resources expended | At 31 December 2020 |
|---|---|---|---|---|
| | | £ | £ | £ |
| Restricted funds: | | | | |
| Restricted income funds: | | | | |
| Waqf | 261,502 | 63,616 | (36,319) | 288,799 |
| *Total* | 261,502 | 63,616 | (36,319) | 288,799 |
| Unrestricted funds: | | | | |
| General funds | 101,777 | 0 | 0 | 101,777 |
| Designated funds: | | | | |
| Refugee Project | - | - | (475) | (475) |
| General Funds | - | 164,843 | (120,397) | 44,446 |
| *Total* | - | 164,843 | (120,872) | 43,971 |
| Revaluation Reserves: | | | | |
| Total funds | 363,279 | 228,459 | (157,191) | 434,547 |

Purposes and restrictions in relation to the funds:
Restricted funds:
Waqf

Designated funds:
Refugee Project
General Funds

18 Analysis of net assets between funds

| | Unrestricted funds | Total |
|---|---|---|
| | £ | £ |
| Fixed assets | 10,061 | 10,061 |
| Net current assets | 534,486 | 424,486 |
| | 544,547 | 434,547 |

19 Reconciliation of net debt

| | At 1 January 2020 | Cash flows | At 31 December 2020 |
|---|---|---|---|
| | £ | £ | £ |
| Cash and cash equivalents | 460,422 | 106,705 | 567,127 |
| | 460,422 | 106,705 | 567,127 |
| Borrowings | (61,058) | (48,942) | (110,000) |
| | (61,058) | (48,942) | (110,000) |
| Net debt | 399,364 | 57,763 | 457,127 |

20 Commitments

*Operating lease commitments*

Annual commitments under non-cancellable operating leases are as follows:

| | 2020 Land and buildings | 2020 Other | 2019 Land and buildings | 2019 Other |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Operating leases with expiry date: | | | | |

*Pension commitments*

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| The pension cost charge to the company amounted to: | - | 3 |

21 Related party disclosures

*Controlling party*

Mercy Mission UK
Detailed Statement of Financial Activities
for the year ended 31 December 2020

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|---|---|---|---|
| Income and endowments from: | | | | |
| Donations and legacies | | | | |
| General Funds | 91,339 | - | 91,339 | 175,995 |
| Waqf | - | 63,616 | 63,616 | 274,750 |
| Gift Aid | 46,304 | - | 46,304 | - |
| | 137,643 | 63,616 | 201,259 | 450,745 |
| Charitable activities | | | | |
| | - | - | - | 56,349 |
| | - | - | - | 13,340 |
| | - | - | - | 69,689 |
| Other | | | | |
| Covid Grants | 27,200 | - | 27,200 | - |
| | 27,200 | - | 27,200 | - |
| Total income and endowments | 164,843 | 63,616 | 228,459 | 520,434 |
| Expenditure on: | | | | |
| Costs of generating donations and legacies | | | | |
| General Funds | - | - | - | 4,745 |
| Waqf | - | 36,319 | 36,319 | 13,248 |
| | - | 36,319 | 36,319 | 17,993 |
| Total of expenditure on raising funds | - | 36,319 | 36,319 | 17,993 |
| Charitable activities | | | | |
| | - | - | - | 72,481 |
| | - | - | - | 20,468 |
| | - | - | - | 23,118 |
| Grants made | 33,872 | - | 33,872 | 79,020 |
| | 33,872 | - | 33,872 | 195,087 |
| Governance costs | | | | |
| | - | - | - | 6,386 |
| | - | - | - | 6,386 |
| Total of expenditure on charitable activities | 33,872 | - | 33,872 | 201,473 |
| Other expenditure | | | | |
| | - | - | - | 4,000 |
| | - | - | - | 4,000 |
| Employee costs | | | | |
| Salaries/wages | 36,800 | - | 36,800 | 40,245 |
| Employer's NIC | 3,872 | - | 3,872 | 2,618 |

| | | | | |
|---|---|---|---|---|
| Pension costs | - | - | - | 3 |
| Temporary staff | 1,577 | - | 1,577 | - |
| | 42,249 | - | 42,249 | 42,866 |
| Motor and travel costs | | | | |
| Travel and subsistence | 275 | - | 275 | 4,190 |
| | 275 | - | 275 | 4,190 |
| Premises costs | | | | |
| Rent | 3,200 | - | 3,200 | 4,460 |
| | 3,200 | - | 3,200 | 4,460 |
| General administrative costs, including depreciation and amortisation | | | | |
| Depreciation of Fixture and Fitting | - | - | - | 415 |
| Bank charges | 108 | - | 108 | 89 |
| Information and publications | 6,378 | - | 6,378 | 4,769 |
| Postage and couriers | 1,031 | - | 1,031 | - |
| Software, IT support and related costs | 5,952 | - | 5,952 | 2,265 |
| Stationery and printing | - | - | - | 1,835 |
| Subscriptions | 2,590 | - | 2,590 | 446 |
| Sundry expenses | 2 | - | 2 | 5,307 |
| Telephone, fax and broadband | 408 | - | 408 | - |
| | 16,469 | - | 16,469 | 15,126 |
| Legal and professional costs | | | | |
| Audit/Independent examination fees | 3,165 | - | 3,165 | 3,000 |
| Accountancy and bookkeeping | 2,480 | - | 2,480 | 5,200 |
| Consultancy fees | - | - | - | 1,700 |
| Management charges | - | - | - | - |
| Other legal and professional costs | 19,162 | - | 19,162 | 2,130 |
| | 24,807 | - | 24,807 | 12,030 |
| Total of expenditure of other costs | 87,000 | - | 87,000 | 82,672 |
| Total expenditure | 120,872 | 36,319 | 157,191 | 302,138 |
| Net gains on investments | - | - | - | - |
| Net income | 43,971 | 27,297 | 71,268 | 218,296 |
| Net income before other gains/(losses) | 43,971 | 27,297 | 71,268 | 218,296 |
| Other Gains | - | - | - | - |
| Net movement in funds | 43,971 | 27,297 | 71,268 | 218,296 |
| Reconciliation of funds: | | | | |

| | | | | |
|---|---|---|---|---|
| Total funds brought forward | 101,777 | 261,502 | 363,279 | 144,983 |
| Total funds carried forward | 145,748 | 288,799 | 434,547 | 363,279 |