

**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

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

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# MERCY MISSION UK

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# MERCY MISSION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

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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  
Trustee

Augustus Della-Porter  
Non-Exec Advisor

Ibrahim Khan  
Non-Exec Advisor



ILYAS MANSHA

24/10/23

Chair of the Board of Trustees

Name

Date



# MERCY MISSION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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### 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 19<sup>th</sup> 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 16<sup>th</sup> 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.



# MERCY MISSION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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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.

### **Waqfinitly**

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

#### Portfolio Growth

Waqfinitly 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

Waqfinitly was the showcase project at the World Zakat and Waqf Forum 2022. Waqfinitly 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

Waqfinitly 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 Waqfinitly 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.



# MERCY MISSION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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- 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  
Marketing

Project Management  
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.



# MERCY MISSION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

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### 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 company's 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.



# MERCY MISSION

## 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**

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes						
<b>Income from:</b>							
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
<b>Total income</b>		<b>1,404,567</b>	<b>11,421,721</b>	<b>12,826,288</b>	<b>363,888</b>	<b>213,274</b>	<b>577,162</b>
<b>Expenditure on:</b>							
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
<b>Total expenditure</b>		<b>1,267,104</b>	<b>9,595,608</b>	<b>10,862,712</b>	<b>312,883</b>	<b>89,139</b>	<b>402,022</b>
Gross transfers between funds		-	-	-	(6,806)	6,806	-
<b>Net income for the year/ Net movement in funds</b>		<b>137,463</b>	<b>1,826,113</b>	<b>1,963,576</b>	<b>44,199</b>	<b>130,941</b>	<b>175,140</b>
Fund balances at 1 January 2022		189,947	419,740	609,687	145,748	288,799	434,547
<b>Fund balances at 31 December 2022</b>		<b>327,410</b>	<b>2,245,853</b>	<b>2,573,263</b>	<b>189,947</b>	<b>419,740</b>	<b>609,687</b>

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



# 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

  
.....  
Trustee

ILYAS MANSHA  
.....  
Name

Company registration number 06380231

# MERCY MISSION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

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



# MERCY MISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 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
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#### 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.



# MERCY MISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 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.

# MERCY MISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 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.



## MERCY MISSION UK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 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
<b>Analysis by fund</b>		
Unrestricted funds	957,671	9,150
Restricted funds	149,106	27,142
	1,106,777	36,292

### 5 Investments

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

### 6 Raising funds

	Restricted funds 2022 £	Restricted funds 2021 £
<u>Fundraising and publicity</u>		
Platform fees	178,392	-
Other fundraising costs	-	7,127
Fundraising and publicity	178,392	7,127
	178,392	7,127

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Charitable activities

	2022 £	2021 £
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
<b>Analysis by fund</b>		
Unrestricted funds	1,267,104	312,883
Restricted funds	9,417,216	82,012
	10,684,320	394,895



# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Grants payable

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

### 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 Number	2021 Number
Employees	<u>3</u>	<u>3</u>

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

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 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Intangible fixed assets

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

### 13 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
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
<b>Depreciation and impairment</b>			
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
<b>Carrying amount</b>			
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.

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Debtors

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

### 15 Loans and overdrafts

	2022 £	2021 £
Bank loans	905,639	970,430
Other loans	-	72,000
	<u>905,639</u>	<u>1,042,430</u>

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 £	2021 £
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
		<u>165,797</u>	<u>144,160</u>

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

	Notes	2022 £	2021 £
Bank loans	15	840,848	905,639



# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2022*

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### 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).

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 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:

	Balance at 1 January 2021	Movement in funds			Transfers	Balance at 1 January 2022	Movement in funds			Balance at 31 December 2022
	£	Incoming resources	Resources expended	£	£	£	Incoming resources	Resources expended	£	£
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

# MERCY MISSION UK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 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)
	<u>327,410</u>	<u>2,245,853</u>	<u>2,573,263</u>	<u>189,947</u>	<u>419,740</u>	<u>609,687</u>

### 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)
<b>Cash generated from operations</b>	<u>2,023,491</u>	<u>148,928</u>

### 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)
	<u>(815,068)</u>	<u>2,027,545</u>	<u>1,212,477</u>