

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

MERCY MISSION UK

LEGAL AND ADMINISTRATIVE INFORMATION

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

MERCY MISSION UK

CONTENTS

	Page
Chairman's statement	1
Trustees' report	2 - 5
Statement of Trustees' responsibilities	6
Independent auditor's report	7 - 9
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 25

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

31 / 10 / 2025
Date:

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.

MERCY MISSION UK

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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.

MERCY MISSION UK

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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 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 S Ikram

Ms F A Mohammad

Mr I Mansha

Ms Z A Kidwai

(Resigned 31 December 2024)

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.

MERCY MISSION UK

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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

31 / 10 / 2025
Date:

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.

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.

MERCY MISSION UK

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MERCY MISSION UK

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.

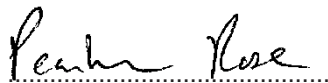
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MERCY MISSION UK

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

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

31 / 10 / 2025

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.

MERCY MISSION UK

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£	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
			<u>4,381,954</u>		<u>1,847,396</u>
Current assets					
Debtors	17	115,531		19,810	
Cash at bank and in hand		<u>5,124,945</u>		<u>6,033,679</u>	
			5,240,476		6,053,489
Creditors: amounts falling due within one year	19		<u>(343,946)</u>		<u>(410,377)</u>
Net current assets			<u>4,896,530</u>		<u>5,643,112</u>
Total assets less current liabilities			<u>9,278,484</u>		<u>7,490,508</u>
Creditors: amounts falling due after more than one year	20		<u>(964,381)</u>		<u>(1,014,008)</u>
Net assets			<u><u>8,314,103</u></u>		<u><u>6,476,500</u></u>
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		<u>1,244,260</u>		<u>603,048</u>
			<u><u>8,314,103</u></u>		<u><u>6,476,500</u></u>

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



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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 2024

	Notes	2024 £	£	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

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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.

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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
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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.

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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.

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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
	<u>605,977</u>	<u>170,470</u>	<u>776,447</u>	<u>237,249</u>	<u>171,331</u>	<u>408,580</u>

5 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	<u>85,495</u>	<u>54,108</u>

6 Expenditure on raising funds

	Restricted funds 2024 £	Restricted funds 2023 £
Fundraising and publicity		
Fundraising agents	<u>-</u>	<u>25,951</u>

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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
	<u>3,337,251</u>	<u>1,256,344</u>
Grant funding of activities (see note 8)	18,177,440	11,306,843
	<u>21,514,691</u>	<u>12,563,187</u>
Analysis by fund		
Unrestricted funds	1,068,057	717,312
Restricted funds	20,446,634	12,126,083
	<u>21,514,691</u>	<u>12,843,395</u>

8 Grants payable

	2024 £	2023 £
Grants to institutions:		
Other	18,166,440	11,298,632
Grants to individuals	<u>11,000</u>	<u>8,211</u>

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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	-
	<u> </u>	<u> </u>

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 Number	2023 Number
	4	3
	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>
	129,672	71,545
	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>
	142,380	56,044
	<u> </u>	<u> </u>

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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.

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Fixed asset investments

	Other investments £
Cost or valuation	
At 1 January 2024	325,010
Additions	2,295,181
	<u>2,620,191</u>
At 31 December 2024	<u>2,620,191</u>
Carrying amount	
At 31 December 2024	<u>2,620,191</u>
At 31 December 2023	<u>325,010</u>

17 Debtors

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

18 Loans and overdrafts

	2024 £	2023 £
Bank loans	1,031,750	1,078,169
	<u>67,369</u>	<u>64,161</u>
Payable within one year	964,381	1,014,008
Payable after one year	<u>964,381</u>	<u>1,014,008</u>

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

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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
		<u>343,946</u>	<u>410,377</u>

20 Creditors: amounts falling due after more than one year

	Notes	2024 £	2023 £
Bank loans	18	<u>964,381</u>	<u>1,014,008</u>

21 Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,299</u>	<u>1,735</u>

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	<u>50,010</u>	<u>-</u>	<u>50,010</u>
Previous year:			
	At 1 January 2023 £	Incoming resources £	At 31 December 2023 £
Permanent endowments			
Waqf	<u>-</u>	<u>50,010</u>	<u>50,010</u>

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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)	-	-
	<u>5,823,442</u>	<u>21,785,405</u>	<u>(20,589,014)</u>	<u>-</u>	<u>7,019,833</u>

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
	<u>2,245,853</u>	<u>15,785,667</u>	<u>(12,208,078)</u>	<u>-</u>	<u>5,823,442</u>

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	<u>603,048</u>	<u>1,709,269</u>	<u>(1,068,057)</u>	<u>1,244,260</u>
Previous year:	At 1 January 2023	Incoming resources	Resources expended	At 31 December 2023
	£	£	£	£
General funds	<u>327,410</u>	<u>992,950</u>	<u>(717,312)</u>	<u>603,048</u>

MERCY MISSION UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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)
	<u>1,244,260</u>	<u>7,019,833</u>	<u>50,010</u>	<u>8,314,103</u>
	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)
	<u>603,048</u>	<u>5,823,442</u>	<u>50,010</u>	<u>6,476,500</u>

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	<u>1,605,381</u>	<u>4,123,935</u>

MERCY MISSION UK





NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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)
	<u>4,955,510</u>	<u>(862,315)</u>	<u>4,093,195</u>

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