

REGISTERED COMPANY NUMBER: 08393664 (England and Wales)
REGISTERED CHARITY NUMBER: 1151443

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2021
FOR
DROP OF COMPASSION
(A COMPANY LIMITED BY GUARANTEE)

Watergates Ltd (Statutory Auditor)
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

DROP OF COMPASSION

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FOR THE YEAR ENDED 28TH FEBRUARY 2021**

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DROP OF COMPASSION

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

TRUSTEES

Mr I H Chhatbar
Mr S Chopdat
Mr O M Ismail
Mr S M Lambat
Mr H Y Lambat
Mr I Y Patel
Mr M Y Patel

REGISTERED OFFICE

9 Exton Road
Leicester
LE5 4AF

**REGISTERED COMPANY
NUMBER**

08393664 (England and Wales)

REGISTERED CHARITY NUMBER 1151443

AUDITORS

Watergates Ltd (Statutory Auditor)
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 28th February 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

To relieve financial hardship, distress and suffering among poor people, victims of natural and man-made disasters and other people in need, by means of, but not exclusively, making grants or loans for providing or paying for items, equipment, services and facilities, including the establishment of irrigation systems, water wells, and water sanitation systems for the benefit of the said persons.

To promote sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of resources, and the promotion of sustainable means of achieving economic growth and regeneration, such that sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

To advance education for the benefit of the poor, the underprivileged and the general public by means of, but not exclusively, the provision or the assistance in the provision of educational activities and facilities, such as schools, libraries and training centres, and the provision of vocational training and adult learning programmes.

To relieve sickness and to preserve good health among the poor and people in need by means of, but not exclusively, the provision or assistance in the provision of services, facilities, equipment, clinics, medicines or grants for medical diagnosis and treatment, and provision of health education.

To advance islam for public benefit by means thought fit by the trustees from time to time.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

OBJECTIVES AND ACTIVITIES

Significant activities

During this financial year, we have carried out the following work:

LEICESTER CHILDREN'S HOSPITAL

We supported the funding towards developing a dedicated children's hospital in Leicester to serve the entire East Midlands region. The facility includes a dedicated HDU ward and 10 single bed rooms.

COVID19 LOCAL SUPPORT

A number of local charities were supported to procure essential food and domestic items for those in need during the pandemic. Foodbanks were assisted with 600kg+ frozen chicken fillets, 10,000+ eggs, 250+ cereal packs, 500+ packs of rice and substantial quantities of other essential food items including tea/coffee, squash, tinned fish/fruit/veg.

We also Provided 600 hand lotions to NHS Leicester (200 per site) and calculators and magic Pens to hospital COVID-19 wards in collaboration with Office Depot Leicester.

Malawi Projects

HEALTH

We continued to provide free consultations and treatments for common conditions including malaria at the health clinic we have sponsored in Somba for the last 6 years where 3300 patients are seen monthly. The clinic also provides maternity services covering prenatal, birth and postnatal care through which we supported 841 births.

EDUCATION

We continued to sponsor various education institutes including a nursery in Zomba which accommodates 30 students, a primary school in Somba with 1400 students and Mikundi with 400 students. In addition to fulfilling educational needs, we also provided hot meals to the students. 4 young adults were provided with university sponsorships.

The development of a new secondary school commenced with the foundation being laid however completion was delayed to April 2022 due to COVID-19 and rising material costs.

WATER IRRIGATION

The scheme supplies an abundance of water to a village all year round. This is enough to provide the foundation for growing staple crops, introduction of new high earning crops, fruit farms, honey farms, fish farming, cattle rearing and ability to sell to market. This year we have completed 20 Irrigation schemes which will benefit over 8000 people.

WATERWHEELS

A simple, highly effective roller device to make transporting water easy. Normally, women and children carry buckets on their heads travelling considerably long distances.

We distributed 2100 waterwheels to families across a number of rural areas enabling them to transport water back from long distances to their villages safely without having to carry buckets on their heads.

SUSTAINABILITY

These projects set communities up to be self-sustaining to earn a livelihood. We planted 2100 fruit trees, 96 bee hives for honey farming and distributed 420 goats.

DRILLED BOREHOLES

Boreholes can be drilled to provide a safe and reliable source of water for a whole community and avoid the risk of cross contamination of water borne diseases. We built 12 Boreholes in Zomba, Mangochi and Blantyre Districts which will provide clean water to approximately 20,000 people.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

OBJECTIVES AND ACTIVITIES

MOSQUES

Mosques are the safe haven and heart of muslim communities. We have built 4 mosques across muslim populated rural areas in Malawi: Jali Perusi & Zomba (Zomba), Masuku & Mikundi (Mangochi).

HOT FOOD DISTRIBUTION

We distributed ~180,000 hot meals to provide a lifeline in terms of basic nutrition to those who are malnourished and under privileged.

FOOD PACKS

With the pandemic effecting all walks of life, 7200 food packs were distributed to needy families across rural areas in Malawi.

DISTRIBUTING MEAT

Meat is considered a luxury item for the needy families we support across Malawi. At the time of the muslim festival of Eid, we distributed fresh meat packs to ensure 158 families could celebrate the occasion with a good feast.

Rohingya Refugee Projects

HOT FOOD DISTRIBUTION

Everyone needs a hot meal. This provides a lifeline in terms of basic nutrition to those who are malnourished and under privileged. Throughout the year, we provided ~84,600 hot meals to children, women and vulnerable adults.

FOOD PACK

With the pandemic effecting all walks of life, food packs were distributed to 400 of the most needy families in the refugee camps

ROHINGYA HOMES

With no immediate plans for repatriation home, it was important that families were provided with a safe habitat. We provided 200 families with homes, all equipped with blankets, lighting and solar energy.

DISTRIBUTING MEAT

At the time of the muslim festival of Eid, we distributed fresh meat packs to ensure 42 families could celebrate the occasion with a good feast.

TARA WELLS

We built 2 tara wells to benefit 100 families in the Rohingya camps where access to water was difficult

MEDICAL CAMP

We sponsored a medical facility for two months providing free consultations and treatments for common conditions that were prevalent in the camps along with free eye treatments

HYGIENE PACKS

3000 women and girls were provided with hygiene and sanitary products.

Bangladesh Projects

FOOD PACKS

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

OBJECTIVES AND ACTIVITIES

With the pandemic effecting all walks of life, food packs were distributed to 1822 families in most needy areas across Bangladesh

HOT FOOD DISTRIBUTION

Everyone needs a hot meal. This provides a lifeline in terms of basic nutrition to those who are malnourished and under privileged. Throughout the year, we provided ~18000 hot meals to children, women and vulnerable adults.

HAND PUMPS IN BANGLADESH

We built 66 handpumps in Bangladesh benefitting close to 2000 people

West Bengal Projects

STORM AMPHAN DEVASTATION

Houses were destroyed and roofs blown off which left thousands homeless. The orphanage in West Bengal was used as shelter for those impacted despite also having damage to the upper floor and severe damage to the roof and toilet/wash facilities. Drop of Compassion arranged for the roof and wash facilities to be fixed, provided daily food and 600+ food packs with a month's supply to the impacted villagers.

WEST BENGAL ORPHANS

Every child has the right to be loved and nurtured and orphans are no exception. We continue to sponsor 340 orphan girls by providing them with housing, food, education and welfare.

DISTRIBUTING MEAT

At the time of the muslim festival of Eid, we distributed fresh meat packs to ensure 135 families could celebrate the occasion with a good feast.

Yemen Projects

YEMEN FOOD PACKS

Yemen continues to experience a humanitarian crisis and remains the poorest of Arab nations. 800 food parcels were distributed amongst the poor, supporting approximately 4800 people.

YEMEN BREAD FACTORY

We provided bread to 5000 people daily for 9 months (12 bread sticks in a pack)

YEMEN SOLAR HYBRID TUBEWELL

We built 3 Water Pumps. These will provide clean water to approximately 7,500 people.

DISTRIBUTING MEAT

At the time of the muslim festival of Eid, we distributed fresh meat packs to ensure 88 families could celebrate the occasion with a good feast.

Public benefit

The Trustees have given due consideration to the Charity Commission's published guidance on the Public Benefit Requirement.

Volunteers

We have a small number of volunteers who assist on an ad-hoc basis mainly during the month of Ramadhan for pledge days and fundraising activities.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

STRATEGIC REPORT

Achievement and performance

MALAWI

Drop of compassion remains committed to providing long term, sustainable solutions in Malawi. The country remains amongst the poorest in the world with an ongoing need for relief support. Our projects in the current year were delivered against key focus areas including Water, health, education and sustainability. Despite the pandemic, we were still able to deliver scale projects benefitting thousands of people. These included 20 irrigation schemes which not only alleviate the initial need of access to clean water but a means to earn a sustainable income through crop yields. It is also the charities intention to expand on our existing portfolio of community hubs which benefit from a number of our projects in a single location and have proven successful in create thriving communities.

ROHINGYA

Drop of compassion have continued to provide essential relief to the Rohingya refugees that fled the war in Myanmar into Bangladesh. With no immediate plans for repatriation, the charity intends to continue supporting with housing shelters and basic necessities including food and medical care. This will ensure that those already suffering from being displaced from their home are not left neglected with the additional worry of survival without essentials.

WEST BENGAL

Drop of Compassion identified a need to support 340 orphan/children girls whose family couldn't provide for them. We took on the responsibility of the upkeep of these children to facilitate in their welfare, education and social development. Those children who have completed their education are then provided further training to then teach within the institute or supported in moving to further their careers or aspirations. We remain committed to the continued support of the orphanage running costs whilst also exploring how the building can be improved with better facilities and living standards,

YEMEN

The ongoing humanitarian crisis in Yemen where they remain the poorest of Arab nations supported our decision to provide emergency relief to those in need. In the short term, we plan on continuing with our projects to provide water and food relief to those in need. There is currently no long term strategy to continue to work in Yemen.

Financial review

Financial position

Overall, the charity is in a healthy position as demonstrated by our accounts for the period in concern. This is mainly due to effective cost control, which ensures our running costs are kept to an acceptable level.

During the year the charity raised £1,053,432 (2020: £456,615) in direct donations from the general public to carry out the programmes mentioned above. During the year £1,012,091 (2020: £421,475) from the restricted funds were expensed for specific projects.

The charity continues to work closely with a number of partner organisations in providing aid to the needy and, most of the above expenditure was spent with these partner organisations.

A small amount raised with no restrictions in addition to the income tax recoverable from Gift Aid, continue to provide the charity with sufficient funds to carry out its charitable objectives as well as the administration of the charity.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

STRATEGIC REPORT

Financial review

Reserves policy

We aim to utilise the funds within a year of receiving them. Reserves are held for long term projects and for responding to emergencies and disasters.

The unrestricted funds the charity holds is to ensure that it has sufficient reserves to cover the costs of managing and administering the charity for the following year. At the end of each financial year the Trustees critically appraise this level and transfer any excess to where it is most needed in terms of aid.

The Trustees consider it prudent that the reserves should be sufficient for the charity's use. The Trustees have approved that all unrestricted reserves will be utilised in helping the charity achieve its objectives.

Going concern

Currently no concerns about the charity continuing as a going concern.

Principal risks and uncertainties

The principal financial risks and uncertainties that the charity can face is reduction in donations from key donors as this is the significant portion of the charity's funding. The charity has raised awareness of its activities and sends out advertising material of the work it does in order to attract more donations. This has been successful as the amount of donations have remained consistent.

Future plans

The charity is looking at the options in which it can increase donations from various individuals

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The organisation is a charitable company limited by guarantee, incorporated on 7 February 2013. The company was established under a Memorandum of Association which the objects and powers of the charitable company and its governed under its Articles of Association.

Charity constitution

Private Limited Company by guarantee.

Recruitment and appointment of new trustees

All trustees are involved in any selection process that takes place and a vote amongst the trustees is conducted to appoint any positions within the organisation.

Organisational structure

The board of Trustees of the charity are responsible for the charity's strategic direction. The board of Trustees meet on a termly basis to discuss the activities of the charity.

The board of trustees are supported through the aid of volunteers who manage the daily running of the charity.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Drop Of Compassion for the purposes 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Watergates Ltd (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 30th November 2021 and signed on the board's behalf by:

Mr M Y Patel - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF DROP OF COMPASSION

Opinion

We have audited the financial statements of Drop Of Compassion (the 'charitable company') for the year ended 28th February 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 28th February 2021 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
DROP OF COMPASSION**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the trustees Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
DROP OF COMPASSION**

Our responsibilities for the audit of the financial statements

We have been appointed as auditors 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 a Report of the Independent Auditors 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 the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with directors and other management, and from our commercial knowledge and experience of the sector, we also considered the nature of the charity's industry and its control environment;
- we focused on laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation; as well as laws and regulations which do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or avoid a material penalty. These included GDPR and health & safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering and testing of the key internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations, as well as substantive procedures.

To address the risk of fraud through management bias and override of controls, we performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions; assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and investigated the rationale behind significant or unusual transactions.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
DROP OF COMPASSION**

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company'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 charitable company's trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

for and on behalf of Watergates Ltd (Statutory Auditor)
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

30th November 2021

DROP OF COMPASSION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

	Notes	Unrestricted fund £	Restricted funds £	28/2/21 Total funds £	28/2/20 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	81,030	1,053,432	1,134,462	545,227
EXPENDITURE ON					
Raising funds	3	2,066	-	2,066	7,821
Charitable activities					
Donations	4	29,420	982,671	1,012,091	421,475
Other		10,274	-	10,274	5,145
Total		41,760	982,671	1,024,431	434,441
NET INCOME		39,270	70,761	110,031	110,786
Transfers between funds	13	3,511	(3,511)	-	-
Net movement in funds		42,781	67,250	110,031	110,786
RECONCILIATION OF FUNDS					
Total funds brought forward		91,832	265,199	357,031	246,245
TOTAL FUNDS CARRIED FORWARD		134,613	332,449	467,062	357,031

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION
28TH FEBRUARY 2021

	Notes	Unrestricted fund £	Restricted funds £	28/2/21 Total funds £	28/2/20 Total funds £
CURRENT ASSETS					
Debtors	10	49,000	-	49,000	83,842
Cash at bank		89,214	332,448	421,662	284,545
		<u>138,214</u>	<u>332,448</u>	<u>470,662</u>	<u>368,387</u>
CREDITORS					
Amounts falling due within one year	11	(3,600)	-	(3,600)	(11,356)
		<u>134,614</u>	<u>332,448</u>	<u>467,062</u>	<u>357,031</u>
NET CURRENT ASSETS					
		<u>134,614</u>	<u>332,448</u>	<u>467,062</u>	<u>357,031</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>134,614</u>	<u>332,448</u>	<u>467,062</u>	<u>357,031</u>
NET ASSETS					
		<u>134,614</u>	<u>332,448</u>	<u>467,062</u>	<u>357,031</u>
FUNDS	13				
Unrestricted funds				134,614	91,832
Restricted funds				332,448	265,199
TOTAL FUNDS				<u>467,062</u>	<u>357,031</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28th February 2021.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on 30th November 2021 and were signed on its behalf by:

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION - continued
28TH FEBRUARY 2021

Mr M Y Patel - Trustee

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2021

	Notes	28/2/21 £	28/2/20 £
Cash flows from operating activities			
Cash generated from operations	1	<u>146,473</u>	<u>24,917</u>
Net cash provided by operating activities		<u>146,473</u>	<u>24,917</u>
 Change in cash and cash equivalents in the reporting period		 146,473	 24,917
Cash and cash equivalents at the beginning of the reporting period	2	<u>275,189</u>	<u>250,272</u>
 Cash and cash equivalents at the end of the reporting period	2	 <u><u>421,662</u></u>	 <u><u>275,189</u></u>

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2021

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	28/2/21 £	28/2/20 £
Net income for the reporting period (as per the Statement of Financial Activities)	110,031	110,786
Adjustments for:		
Decrease/(increase) in debtors	34,842	(83,842)
Increase/(decrease) in creditors	1,600	(2,027)
Net cash provided by operations	<u>146,473</u>	<u>24,917</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	28/2/21 £	28/2/20 £
Notice deposits (less than 3 months)	421,662	284,545
Overdrafts included in bank loans and overdrafts falling due within one year	-	(9,356)
Total cash and cash equivalents	<u>421,662</u>	<u>275,189</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 29.2.20 £	Cash flow £	At 28.2.21 £
Net cash			
Cash at bank	284,545	137,117	421,662
Bank overdraft	(9,356)	9,356	-
	<u>275,189</u>	<u>146,473</u>	<u>421,662</u>
Total	<u>275,189</u>	<u>146,473</u>	<u>421,662</u>

The notes on page 0 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2021

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Charity meets the definition of a public entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The functional currency of the charity is considered to be pounds sterling because that is the currency of the primary economic environment in which the Charity operates. The financial statements are also presented in pounds sterling. The amounts in the financial statements are presented to the nearest £1, unless otherwise stated.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies. There are no significant areas requiring material judgements, estimates or assumptions.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies: This comprises all incoming resources from donations collected directly or by volunteers and income from fundraising events during the year. Gift Aid tax recoverable under the Gift Aid Scheme is recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Where a claim for repayment of income tax has been or will be made, such income is included in the debtors' amount if still not received by the year end.

The value of services provided by volunteers is difficult to put a monetary value on and therefore has not been included in accordance with the Charities SORP (FRS102).

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure is classified under the following activity headings:

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 28TH FEBRUARY 2021

1. ACCOUNTING POLICIES - continued

EXPENDITURE

Charitable activities: Costs associated with the provision of emergency relief, development and longer term rehabilitation programmes as elaborated on in the Trustees' Report. These include both direct charitable expenditure, grants payable and support costs relating to these activities. Grants payable to other organisations for relief projects are included in the SOFA when approved by the trustees and agreed with the other organisation.

Support costs: Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs for a single activity are allocated to the particular activity where the cost relates directly to that activity. However, Support costs that represent the support functions of management, finance, human resources, IT and support departments attributable to the management of the Charity's assets, are allocated in proportion to the type of charitable activity during the period.

Governance costs: These are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance support costs are allocated on the basis of support activities provided on clearly interpreted governance matters.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

TAXATION

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

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. DONATIONS AND LEGACIES

	28/2/21	28/2/20
	£	£
Donations	1,134,462	461,385
Gift aid	-	83,842
	<u>1,134,462</u>	<u>545,227</u>

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

3. RAISING FUNDS

RAISING DONATIONS AND LEGACIES

	28/2/21	28/2/20
	£	£
Advertising and PR	2,066	7,821

4. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (see note 6) £
Donations	1,012,091

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

28/2/21	28/2/20
£	£

6. GRANTS PAYABLE

	28/2/21	28/2/20
	£	£
Donations	1,012,091	421,475

The total grants paid to institutions during the year was as follows:

	28/2/21	28/2/20
	£	£
Various relief and support programmes	1,012,091	371,475

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

7. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Other resources expended	<u>5,858</u>	<u>1,316</u>	<u>3,100</u>	<u>10,274</u>

Support costs, included in the above, are as follows:

	28/2/21 Other resources expended £	28/2/20 Total activities £
Telephone	124	368
Sundries	2,017	336
Software	2,457	1,407
Consultancy	1,260	-
Bank charges	1,316	1,034
Accountancy and legal fees	3,100	2,000
	<u>10,274</u>	<u>5,145</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28th February 2021 nor for the year ended 28th February 2020.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 28th February 2021 nor for the year ended 28th February 2020.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	88,612	456,615	545,227
EXPENDITURE ON			
Raising funds	7,821	-	7,821
Charitable activities			
Donations	-	421,475	421,475
Other	5,145	-	5,145
Total	<u>12,966</u>	<u>421,475</u>	<u>434,441</u>
NET INCOME	<u>75,646</u>	<u>35,140</u>	<u>110,786</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
Transfers between funds	(230,059)	230,059	-
Net movement in funds	(154,413)	265,199	110,786
RECONCILIATION OF FUNDS			
Total funds brought forward	246,245	-	246,245
TOTAL FUNDS CARRIED FORWARD	<u>91,832</u>	<u>265,199</u>	<u>357,031</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/21 £	28/2/20 £
Prepayments and accrued income	<u>49,000</u>	<u>83,842</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/21 £	28/2/20 £
Bank loans and overdrafts (see note 12)	-	9,356
Accruals and deferred income	<u>3,600</u>	<u>2,000</u>
	<u>3,600</u>	<u>11,356</u>

12. LOANS

An analysis of the maturity of loans is given below:

	28/2/21 £	28/2/20 £
Amounts falling due within one year on demand:		
Bank overdrafts	<u>-</u>	<u>9,356</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

13. MOVEMENT IN FUNDS

	At 29.2.20 £	Net movement in funds £	Transfers between funds £	At 28.2.21 £
Unrestricted funds				
General fund	91,832	39,271	3,511	134,614
Restricted funds				
Malawi - Borehole	(964)	-	964	-
Malawi - Build a Home	2,949	-	(2,949)	-
Malawi - Build a Masjid	(4,572)	-	4,572	-
Malawi - Honey Farming	200	-	(200)	-
Malawi Floods	120	-	(120)	-
Malawi - Classroom Block Malawi	211	-	(211)	-
Malawi - Nursery Malawi	(1,320)	-	1,320	-
Malawi - Health Clinic	558	-	(558)	-
Malawi - Goat Project	75	-	(75)	-
Malawi - Water Irrigation	316	-	(316)	-
Malawi - Water Wheel	25,694	-	(25,694)	-
Malawi - Planting Fruit Trees	302	-	(302)	-
Rohingya Homes	856	-	(856)	-
Rohingya Masjid	(2,500)	-	2,500	-
Rohingya hot food/Iftar	15,230	-	(15,230)	-
Rohingya - Most Needy	64,047	-	(64,047)	-
Rohingya - Tara Wells	660	-	(660)	-
West Bengal - Girls Education Centre	3,409	-	(3,409)	-
West Bengal Orphanage	31,122	-	(31,122)	-
Yemen - Most Needy	609	-	(609)	-
Yemen Bread Factory	3,216	-	(3,216)	-
Fidya/Kaffarah	105	-	(105)	-
Most Needy - Sadaqah	3,511	-	(3,511)	-
Most Needy - Zakah	121,365	-	(121,365)	-
Feeding	-	41,987	15,807	57,794
Orphans and children in need	-	4,750	33,211	37,961
Education	-	2,173	-	2,173
Water	-	11,187	25,706	36,893
Medical and healthcare	-	(678)	678	-
Development	-	4,478	(51)	4,427
Most needy restricted	-	6,863	186,337	193,200
	<u>265,199</u>	<u>70,760</u>	<u>(3,511)</u>	<u>332,448</u>
TOTAL FUNDS	<u><u>357,031</u></u>	<u><u>110,031</u></u>	<u><u>-</u></u>	<u><u>467,062</u></u>

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021

13. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	81,030	(41,759)	39,271
Restricted funds			
Yemen - Most Needy	1	(1)	-
Feeding	141,348	(99,361)	41,987
Orphans and children in need	278,250	(273,500)	4,750
Education	4,173	(2,000)	2,173
Water	231,181	(219,994)	11,187
Medical and healthcare	41,441	(42,119)	(678)
Community	27,328	(27,328)	-
Development	110,755	(106,277)	4,478
Most needy restricted	218,955	(212,092)	6,863
	<u>1,053,432</u>	<u>(982,672)</u>	<u>70,760</u>
TOTAL FUNDS	<u><u>1,134,462</u></u>	<u><u>(1,024,431)</u></u>	<u><u>110,031</u></u>

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.3.19 £	Net movement in funds £	Transfers between funds £	At 28.2.20 £
Unrestricted funds				
General fund	246,245	75,646	(230,059)	91,832
Restricted funds				
Malawi - Borehole	-	(1,459)	495	(964)
Malawi - Build a Home	-	2,949	-	2,949
Malawi - Build a Masjid	-	(5,521)	949	(4,572)
Malawi - Honey Farming	-	200	-	200
Malawi Floods	-	120	-	120
Malawi - Maternity	-	(5,852)	5,852	-
Malawi - Classroom Block Malawi	-	-	211	211
Malawi - Nursery Malawi	-	(1,320)	-	(1,320)
Malawi - Health Clinic	-	83	475	558
Malawi - Goat Project	-	75	-	75
Malawi - Water Irrigation	-	(329)	645	316
Malawi - Water Wheel	-	25,694	-	25,694
Malawi - Planting Fruit Trees	-	302	-	302
Rohingya Homes	-	15,793	(14,937)	856
Rohingya Masjid	-	-	(2,500)	(2,500)
Rohingya hot food/Iftar	-	1,402	13,828	15,230
Rohingya - Most Needy	-	(7,846)	71,893	64,047
Rohingya - Tara Wells	-	660	-	660
West Bengal Extension	-	(7,708)	7,708	-
West Bengal - Girls Education Centre	-	(3,026)	6,435	3,409
West Bengal Orphanage	-	3,530	27,592	31,122
Yemen - Most Needy	-	609	-	609
Yemen Bread Factory	-	3,216	-	3,216
Fidya/Kaffarah	-	105	-	105
Most Needy - Sadaqah	-	(13,570)	17,081	3,511
Most Needy - Zakah	-	27,033	94,332	121,365
	-	35,140	230,059	265,199
TOTAL FUNDS	246,245	110,786	-	357,031

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

13. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	88,612	(12,966)	75,646
Restricted funds			
Malawi - Borehole	13,664	(15,123)	(1,459)
Malawi - Build a Home	2,949	-	2,949
Malawi - Build a Masjid	34,479	(40,000)	(5,521)
Malawi - Honey Farming	200	-	200
Malawi Floods	13,014	(12,894)	120
Malawi Iftar	13,850	(13,850)	-
Malawi - MASIYAP FOOD			
DISTRIBUTION	1,200	(1,200)	-
Malawi - Mikundi iftaar hampers	5,000	(5,000)	-
Malawi - Mikundi school teachers			
feeding	300	(300)	-
Malawi - Mikundi school teachers	700	(700)	-
Malawi - Mikundi children feeding	5,000	(5,000)	-
Malawi - Maternity	5,596	(11,448)	(5,852)
Malawi - Classroom Block Malawi	1,800	(1,800)	-
Malawi - Educate a Leader	2,075	(2,075)	-
Malawi - Nursery Malawi	680	(2,000)	(1,320)
Malawi - Health Clinic	23,435	(23,352)	83
Malawi - Goat Project	945	(870)	75
Malawi - Water Irrigation	11,829	(12,158)	(329)
Malawi - Water Wheel	25,694	-	25,694
Malawi - Planting Fruit Trees	302	-	302
Malawi - School Feeding programme	2,968	(2,968)	-
Malawi - Most Needy Malawi - Sadaqah	291	(291)	-
Malawi - Most Needy Malawi - Zakah	5,220	(5,220)	-
Rohingya Homes	83,495	(67,702)	15,793
Rohingya hot food/Iftar	32,902	(31,500)	1,402
Rohingya - Most Needy	17,502	(25,348)	(7,846)
Rohingya - Tara Wells	660	-	660
West Bengal Extension	-	(7,708)	(7,708)
West Bengal - Girls Education Centre	4,266	(7,292)	(3,026)
West Bengal Orphanage	38,530	(35,000)	3,530
Yemen - Most Needy	8,388	(7,779)	609
Yemen Bread Factory	12,438	(9,222)	3,216
Sadaqatul Fitr	2,000	(2,000)	-
Fidya/Kaffarah	355	(250)	105
Most Needy - Sadaqah	17,168	(30,738)	(13,570)
Most Needy - Zakah	67,720	(40,687)	27,033
	<hr/> 456,615	<hr/> (421,475)	<hr/> 35,140
TOTAL FUNDS	545,227	(434,441)	110,786

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2021**

13. MOVEMENT IN FUNDS - continued

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14. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 28th February 2021.