

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

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2023
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 2023

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DROP OF COMPASSION

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

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 2023

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 2023. 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.

Significant activities

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

Leicester and United Kingdom Projects

LOROS HOSPICE CARE

Our charity provided vital support to Loros Hospice Care, offering donations to bolster their mission. By standing alongside them, we aimed to improve the lives of individuals and families facing terminal illnesses, emphasising our commitment to fostering compassion and community well-being.

RAINBOWS HOSPICE CARE

Our charity continued its impactful contributions by supporting Rainbows Hospice Care, a beacon of hope for children and young people with life-limiting conditions. Through our donations and assistance, we aimed to enhance the services and facilities offered by Rainbows Hospice Care, ensuring that children and their families receive comprehensive and compassionate care. By partnering with Rainbows, we reaffirmed our dedication to making a positive difference in the lives of these young individuals and their families.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

OBJECTIVES AND ACTIVITIES

Malawi Projects

HEALTHCARE

Before the establishment of our Clinic in Somba (Mangochi district, Southern region of Malawi), access to healthcare facilities in the area was scarce and overburdened, with the nearest clinics located 30km away to the west and north. Residents faced arduous journeys over difficult terrain to access basic healthcare services. Over the past 8 years, we have made a significant impact by providing free consultations and treatments, easing the burden on the local population. We have now expanded our services to include the Makanjira Clinic (Mangochi district, Southern region of Malawi) and Maternity Wing, collectively catering to over 7500 patients every month. Remarkably, 52% of the treatments address malaria-related issues, and 12% focus on HIV-related cases. Moreover, our clinics offer essential maternity services, encompassing prenatal, birthing, and postnatal care, supporting 840 births annually and benefiting over 7800 individuals across both facilities. Our commitment to bridging the healthcare gap in these underserved communities remains unwavering, ensuring accessible and quality healthcare for all.

EDUCATION

Our commitment to shaping a promising future for the next generation drives our support for various education initiatives. Through our university scholarship program, we are empowering 20 students to specialize in Medicine, Bio-Medical Sciences, and Public Health, paving the way for their future contributions to healthcare. Additionally, we have made significant strides in improving infrastructure by funding the construction of three new school blocks in Masuku, Mikundi, and Kwiputi (Southern region of Malawi) areas, benefitting around 600 students. In Somba, our efforts have led to the establishment of a secondary school, which welcomed its inaugural class of 120 students this year and is set to reach its full capacity of 600 students in the next academic year.

Recognising the importance of nutrition in education, we have provided daily lunches to schools in Mikundi, Masuku, and Somba, ensuring 1200 students annually have increased energy levels and engagement in their studies. By investing in education at various levels, we are nurturing the potential of young minds and creating a foundation for a brighter and more empowered future.

WATER IRRIGATION

Our charity proudly sponsored the implementation of water irrigation projects in Malawi, ensuring a consistent and reliable water supply to a local village throughout the year. This initiative has laid a strong foundation for agricultural development, enabling the cultivation of staple crops and introducing high-earning varieties. Additionally, the availability of abundant water has facilitated the establishment of fruit farms, honey farms, fish farming, and cattle rearing ventures. These initiatives not only provide sustenance for the village but also create opportunities for economic growth by enabling the community to sell their produce in the market. In the past year, we successfully completed 16 irrigation schemes in the southern regions of Malawi being within the Mangochi and Blantyre districts of Malawi. This directly benefits 6,500 people and contributing significantly to sustainable agriculture and economic empowerment in the region.

DRILLED BOREHOLES AND REPAIRS

Our charity repaired 20 boreholes, directly benefiting 60,000 people with improved access to clean water. This effort has lightened the daily burdens of families, enhancing their quality of life and overall well-being. By promoting better health, hygiene, and community development, this initiative underscores our steadfast commitment to driving positive and sustainable change in the lives of those we serve.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

OBJECTIVES AND ACTIVITIES
SUSTAINABLE LIVING

Our mission revolves around empowering communities for self-sustainability and encouraging giving back. In Malawi, our sustainable living initiatives complement the irrigation projects effectively. Through honey farming, we've supported 400 individuals, providing a stable income source. Additionally, our Goat Pass-On Project has benefited 800 people by providing 120 goats, enhancing their livelihoods. Moreover, we've planted 1000 fruit trees, promoting environmental sustainability, and ensuring communities have valuable resources. These initiatives stand as testaments to our commitment to fostering self-sufficiency and sustainable prosperity within the communities we serve.

BICYCLE DISTRIBUTION

In response to the challenges of travel in Malawi, we've facilitated easier access to essential services and education by distributing 322 bicycles. This initiative has significantly improved the lives of families, enabling them to shop, access medical facilities, and ensuring safe travel for students to schools and colleges. By providing these bicycles, we've enhanced mobility and empowered communities, fostering a brighter and more accessible future for all.

BUILDING HOMES

In response to the vulnerable living conditions in Malawi, our charity built 16 sturdy houses this year. These homes provide safe shelters, protecting families from severe weather and promoting stability within the community. This initiative reflects our commitment to improving living standards and ensuring a secure environment for those in need.

EMERGENCY RELIEF AND FOOD SECURITY

In response to both the tropical storm and the recent cyclone in Malawi, our ongoing relief efforts, supported by your contributions, have been crucial in aiding affected communities. We distributed 1260 food parcels to individuals in Mikundi, Somba, Jali Perusi, and Masuku, with an additional 2000 parcels in Mangochi and 632 in multiple areas, ensuring vital sustenance for those in need. Moreover, we provided 90 Farmer's Packs in Mikundi, aiding farmers with essential resources for crop cultivation, and distributed 50 Gift Packs in the Mangochi area, bringing some joy during challenging times.

In addition to food assistance, we made a significant impact by distributing meat from 140 goats and 10 cows, further supporting nutritional needs. Additionally, we served hot meals during Ramadhan daily to 8700 people, promoting nourishment and community support. Your continued support allows us to sustain these vital relief efforts, helping the people of Malawi rebuild their lives after the devastating cyclone.

Rohingya Refugee (Bangladesh) Projects

ROHINGYA HOMES

Addressing the longstanding housing challenges faced by displaced families, we constructed 82 homes equipped with essential amenities such as blankets, lighting, and solar energy. Despite the ongoing uncertainty and lack of immediate repatriation plans, these secure habitats provide much-needed stability and dignity for the families residing in the camps.

HOT FOOD DISTRIBUTION AND GIFTS

In response to the dire food shortage within refugee camps, we distributed 30,000 hot meals and children's gifts to the most vulnerable families. This initiative aimed to alleviate hunger and bring some joy to those facing significant challenges.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

OBJECTIVES AND ACTIVITIES

Bangladesh Projects

EMERGENCY RELIEF

In the aftermath of the devastating floods in Bangladesh, we provided essential support to families facing financial hardship. This included distributing food packs to 1050 families, 422 hygiene kits, and 36 survival kits in the most affected areas. These efforts aimed to provide immediate relief and aid to those in urgent need.

HOT FOOD DISTRIBUTION

Hot meals were provided to underprivileged families to ensure basic nutritional needs whilst observing a period of fasting. This year 24000 hot meals were provided to children, women and vulnerable adults.

HAND PUMPS IN BANGLADESH

We provided clean water access through 35 wells and hand pumps, benefiting approximately 30 people each. This initiative created jobs, encouraged education for young women, and ensured children's health and well-being.

DESALINATION UNIT

We installed a desalination unit, providing clean and safe water for 200,000 people. This initiative addresses a critical need for access to safe drinking water in the region, ensuring the well-being of the community.

West Bengal Projects

EDUCATION SPONSORSHIP

We firmly believe in upholding the rights of every child, including orphans, to love, nurturing, and a bright future. Currently, we sponsor 340 orphan girls, ensuring they have access to housing, food, education, and overall welfare. Through our support, these young lives are given the opportunity to thrive and grow, underscoring our commitment to their well-being and a promising future.

Yemen Projects

YEMEN BREAD FACTORY

During Yemen's devastating war and economic collapse, 22 million people lack necessities like food, healthcare, and safe water, relying solely on aid. Amidst this crisis, we've made a significant impact by providing daily bread to 5000+ families for 9 months, benefiting 30,000 people.

EMERGENCY RELIEF AND GIFTS

Additionally, we distributed 450 food packs and 52 Gift Packs, offering crucial support to those in dire need. Our ongoing efforts aim to alleviate the suffering of Yemeni families, emphasising our commitment to providing essential aid during this humanitarian catastrophe.

Lebanon Projects

EMERGENCY RELIEF

Following the storms and heavy rains in 2022, Syrian refugees in Lebanon faced freezing temperatures and extensive damage due to high winds, rain, and snow. Witnessing the aftermath, we provided crucial support and essential aid to those in need. Our efforts included distributing 250 food packs, 400 hot food meals, and 500 vegetable packs. Additionally, we served 1800 hot meals, distributed 50 gifts and treats for children.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

OBJECTIVES AND ACTIVITIES

Pakistan Projects

EMERGENCY RELIEF

During Pakistan's devastating period when 60% of the country was submerged, we swiftly responded by providing essential aid. Our efforts included distributing 400 food packs, providing 90 tents for shelter, and offering 50 survival kits for necessities. Additionally, we supplied 100 cooking utensils and implemented a mobile water filtration unit, ensuring access to clean and safe drinking water for those affected. These initiatives aimed to provide immediate relief and support to the communities grappling with the aftermath of the disaster.

Afghanistan Projects

EMERGENCY RELIEF

Amidst the harsh winter in Afghanistan, we collaborated with our partners to provide vital assistance to the most affected communities. Our efforts included distributing 300 food packs, 500 winter packs for warmth, 250 shawls, and 400 blankets. These essential items aimed to alleviate the challenges faced by those enduring the bitter cold, ensuring they had access to food, clothing, and shelter during the difficult winter months.

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.

STRATEGIC REPORT

Achievement and performance

UNITED KINGDOM

In our commitment to fostering compassion and community well-being, our charity provided vital support to Loros Hospice Care and Rainbows Hospice Care. Through generous donations, we bolstered their missions, improving the lives of individuals facing terminal illnesses and offering hope to children and young people with life-limiting conditions.

Additionally, we emphasize our dedication to making a difference at home by focusing on sustainable projects and creating partnerships within our local communities. By helping our own backyard and fostering collaborations locally, we aim to create a positive and lasting impact, aligning with our core values of community support and sustainable change.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

MALAWI

In Malawi, our comprehensive initiatives focus on water, healthcare, education, sustainable living, and emergency relief. Despite challenging circumstances, we've established clinics and maternity wings, supporting 7500+ patients monthly and facilitating 840 births annually. Our education efforts include university scholarships, new school blocks, and daily meals for students, enhancing their prospects for a brighter future.

Sustainable projects encompass water irrigation, honey farming, and the Goat Pass-On Project, promoting self-sufficiency and economic growth. Responding to natural disasters, we provided extensive emergency relief, distributing essential food parcels and building 16 secure homes for vulnerable families affected by the tropical storm and cyclone. Through these efforts, we're fostering resilience and hope, transforming lives in the face of adversity.

In our ongoing efforts to transform communities in Malawi, we're scaling our impact through sustainable projects. By focusing on building crucial infrastructure like community hubs, expanding educational initiatives, and implementing water irrigation projects, we're fostering lasting change. These community hubs serve as focal points for education, healthcare, and skill development, creating thriving centres where various projects converge to empower residents.

Education remains a cornerstone of our approach, with scholarships, new school blocks, and daily meals enhancing accessibility and quality. Simultaneously, our focus on water irrigation projects not only provides a consistent water supply but also boosts agricultural development, fostering self-sufficiency. Through these sustainable endeavours, we're not just addressing immediate needs; we're creating a foundation for enduring growth, ensuring a brighter and more sustainable future for the communities we serve.

ROHINGYA REFUGEES (BANGLADESH)

In our unwavering commitment to Rohingya refugees, we constructed 82 homes, equipped with vital amenities, providing stability and dignity to displaced families. Amidst dire food shortages, we distributed 30,000 hot meals and children's gifts, alleviating hunger and bringing moments of joy to vulnerable families in the camps.

However, faced with governmental restrictions and limited long-term opportunities, we have achieved our objectives and are transitioning out of the region. Despite challenges, our support ensured the refugees' basic needs were met, leaving a lasting impact on their lives.

BANGLADESH

In response to the devastating floods, our emergency relief efforts provided essential support, distributing food packs, hygiene kits, and survival kits to 1050 families, alongside 24000 hot meals for underprivileged individuals. Concurrently, we focused on sustainable development, establishing 35 wells and hand pumps, benefiting 30 people each, and installing a desalination unit, providing clean water to 200,000 beneficiaries. These initiatives not only address immediate needs but also create jobs, encourage education, and ensure the community's well-being. Committed to our charity objectives, we will continue and expand our efforts, emphasising long-term, sustainable projects for the betterment of the community.

WEST BENGAL

At Drop of Compassion, we can provide a bright future for these children, offering essential support in housing, food, education, and overall welfare. Our ongoing commitment ensures these young lives thrive. While we continue our support, we are actively exploring transitions to focus on countries aligning more closely with our objectives, aiming for greater impact and sustainable change.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

YEMEN

In the face of Yemen's crisis, our Yemen Bread Factory has provided daily sustenance to 5000+ families for 9 months, aiding 30,000 individuals. Additionally, we distributed 450 food packs and 52 Gift Packs, offering vital support. While we remain committed to immediate relief efforts, there is no long-term strategy for Yemen. We plan to continue providing water and food relief in the short term, ensuring ongoing aid to those in need.

LEBANON

Amidst the aftermath of storms in 2022, our aid to Syrian refugees in Lebanon included food packs, hot meals, and vegetable supplies, offering crucial support during harsh conditions. Additionally, we distributed gifts and treats to children, providing comfort amidst challenges. Our focus remains on immediate relief, granting ease to the refugees without a long-term strategy in place.

PAKISTAN

In the wake of Pakistan's devastating floods, our swift aid efforts included distributing food packs, shelters, and survival kits, along with providing clean water access. Despite our assistance, there are no long-term plans due to limited sustainability prospects. Our focus remains on immediate relief during crises.

AFGHANISTAN

During Afghanistan's harsh winter, we collaborated with partners to provide essential aid, distributing food packs, winter packs, shawls, and blankets to the most affected communities. These items aimed to alleviate challenges faced during the bitter cold, ensuring access to food, clothing, and shelter. Despite our assistance, there are no long-term plans due to limited sustainability prospects, aligning with our focus on immediate relief efforts.

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 £1,047,951 (2022: £877,292) in direct donations from the general public to carry out the programmes mentioned above. During the year £1,005,576 (2022: £837,802) from the restricted funds were expended 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.

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.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

STRATEGIC REPORT

Financial review

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.

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".

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 24th November 2023 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 2023 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

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.

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;

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

- 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.

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.

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

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

24th November 2023

DROP OF COMPASSION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

		Unrestricted fund £	Restricted funds £	28/2/23 Total funds £	28/2/22 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	<u>47,873</u>	<u>1,047,950</u>	<u>1,095,825</u>	<u>958,183</u>
EXPENDITURE ON					
Raising funds	3	-	-	-	7,103
Charitable activities	4				
Donations		26,560	1,005,576	1,032,138	838,501
Other		-	-	-	8,030
Total		<u>26,560</u>	<u>1,005,576</u>	<u>1,032,138</u>	<u>853,634</u>
NET INCOME		21,313	42,374	63,687	104,549
RECONCILIATION OF FUNDS					
Total funds brought forward		189,435	382,176	571,611	467,062
TOTAL FUNDS CARRIED FORWARD		<u>210,748</u>	<u>424,550</u>	<u>635,298</u>	<u>571,611</u>

The notes on page 19 to 26 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION
28TH FEBRUARY 2023

	Notes	Unrestricted fund £	Restricted funds £	28/2/23 Total funds £	28/2/22 Total funds £
CURRENT ASSETS					
Debtors	11	60,245	-	60,245	45,808
Cash at bank and in hand		<u>153,003</u>	<u>424,550</u>	<u>577,553</u>	<u>528,303</u>
		213,248	424,550	637,798	574,111
CREDITORS					
Amounts falling due within one year	12	(2,500)	-	(2,500)	(2,500)
NET CURRENT ASSETS		<u>210,748</u>	<u>424,550</u>	<u>635,298</u>	<u>571,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		210,748	424,550	635,298	571,611
NET ASSETS		<u>210,748</u>	<u>424,550</u>	<u>635,298</u>	<u>571,611</u>
FUNDS	13				
Unrestricted funds				210,748	189,435
Restricted funds				<u>424,550</u>	<u>382,176</u>
TOTAL FUNDS				<u>635,298</u>	<u>571,611</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28th February 2023.

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 24th November 2023 and were signed on its behalf by:

Mr M Y Patel - Trustee

The notes on page 19 to 26 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2023

	Notes	28/2/23 £	28/2/22 £
Cash flows from operating activities			
Cash generated from operations	1	<u>49,250</u>	<u>106,641</u>
Net cash provided by operating activities		<u>49,250</u>	<u>106,641</u>
		_____	_____
Change in cash and cash equivalents in the reporting period		49,250	106,641
Cash and cash equivalents at the beginning of the reporting period		<u>528,303</u>	<u>421,662</u>
Cash and cash equivalents at the end of the reporting period		<u>577,553</u>	<u>528,303</u>

The notes on page 19 to 26 form part of these financial statements

DROP OF COMPASSION

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2023

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

	28/2/23 £	28/2/22 £
Net income for the reporting period (as per the Statement of Financial Activities)	63,687	104,549
Adjustments for:		
(Increase)/decrease in debtors	(14,437)	3,192
Decrease in creditors	<u>-</u>	<u>(1,100)</u>
Net cash provided by operations	<u>49,250</u>	<u>106,641</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.3.22 £	Cash flow £	At 28.2.23 £
Net cash			
Cash at bank and in hand	<u>528,303</u>	<u>49,250</u>	<u>577,553</u>
	<u>528,303</u>	<u>49,250</u>	<u>577,553</u>
Total	<u>528,303</u>	<u>49,250</u>	<u>577,553</u>

The notes on page 19 to 26 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2023

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 2023

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

	28/2/23	28/2/22
	£	£
Donations	<u>1,095,825</u>	<u>958,183</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 2023**

3. RAISING FUNDS

RAISING DONATIONS AND LEGACIES

	28/2/23	28/2/22
	£	£
Advertising and PR	<u>-</u>	<u>7,103</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Grant funding of activities (see note 6) £	Support costs (see note 7) £	Totals £
Donations	<u>8,356</u>	<u>1,016,659</u>	<u>7,123</u>	<u>1,032,138</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	28/2/23	28/2/22
	£	£
Travel and subsistence	<u>8,356</u>	<u>-</u>

6. GRANTS PAYABLE

	28/2/23	28/2/22
	£	£
Donations	<u>1,016,659</u>	<u>838,501</u>

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

	28/2/23	28/2/22
	£	£
Various relief and support programmes	<u>1,016,659</u>	<u>838,501</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

7. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Donations	<u>5,291</u>	<u>752</u>	<u>1,080</u>	<u>7,123</u>

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

	28/2/23	28/2/22
	Donations £	Total activities £
Telephone	273	72
Sundries	1,150	389
Software	604	1,250
Consultancy	3,264	304
Equipment expensed	-	4,099
Bank charges	752	1,456
Auditors' remuneration	1,080	-
Accountancy and legal fees	-	460
	<u>7,123</u>	<u>8,030</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	28/2/23	28/2/22
	£	£
Auditors' remuneration	<u>1,080</u>	<u>-</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28th February 2023 nor for the year ended 28th February 2022.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 28th February 2023 nor for the year ended 28th February 2022.

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	<u>80,891</u>	<u>877,292</u>	<u>958,183</u>
 EXPENDITURE ON			
Raising funds	7,103	-	7,103
Charitable activities			
Donations	699	837,802	838,501
Other	<u>8,030</u>	<u>-</u>	<u>8,030</u>
Total	<u>15,832</u>	<u>837,802</u>	<u>853,634</u>
 NET INCOME	65,059	39,490	104,549
Transfers between funds	<u>(10,238)</u>	<u>10,238</u>	<u>-</u>
Net movement in funds	54,821	49,728	104,549
 RECONCILIATION OF FUNDS			
Total funds brought forward	<u>134,614</u>	<u>332,448</u>	<u>467,062</u>
 TOTAL FUNDS CARRIED FORWARD	<u>189,435</u>	<u>382,176</u>	<u>571,611</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/23 £	28/2/22 £
Prepayments and accrued income	<u>60,245</u>	<u>45,808</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/23 £	28/2/22 £
Accruals and deferred income	<u>2,500</u>	<u>2,500</u>

13. MOVEMENT IN FUNDS

	At 1.3.22 £	Net movement in funds £	At 28.2.23 £
Unrestricted funds			
General fund	189,435	21,313	210,748
Restricted funds			
Feeding	50,946	22,385	73,331
Orphans and children in need	31,066	(14,633)	16,433
Water	56,415	20,888	77,303
Medical and healthcare	-	10,921	10,921
Development	47,802	(29,019)	18,783
Most needy restricted	<u>195,947</u>	<u>31,832</u>	<u>227,779</u>
	<u>382,176</u>	<u>42,374</u>	<u>424,550</u>
TOTAL FUNDS	<u>571,611</u>	<u>63,687</u>	<u>635,298</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	47,874	(26,561)	21,313
Restricted funds			
Feeding	117,505	(95,120)	22,385
Orphans and children in need	14,567	(29,200)	(14,633)
Education	4,574	(4,574)	-
Water	178,608	(157,720)	20,888
Medical and healthcare	57,588	(46,667)	10,921
Development	51,347	(80,366)	(29,019)
Most needy restricted	<u>623,762</u>	<u>(591,930)</u>	<u>31,832</u>
	<u>1,047,951</u>	<u>(1,005,577)</u>	<u>42,374</u>
TOTAL FUNDS	<u>1,095,825</u>	<u>(1,032,138)</u>	<u>63,687</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2023**

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.3.21 £	Net movement in funds £	Transfers between funds £	At 28.2.22 £
Unrestricted funds				
General fund	134,614	65,059	(10,238)	189,435
Restricted funds				
Feeding	57,794	(6,848)	-	50,946
Orphans and children in need	37,961	(6,895)	-	31,066
Education	2,173	(2,173)	-	-
Water	36,893	10,512	9,010	56,415
Community	-	(1,228)	1,228	-
Development	4,427	43,375	-	47,802
Most needy restricted	<u>193,200</u>	<u>2,747</u>	<u>-</u>	<u>195,947</u>
	<u>332,448</u>	<u>39,490</u>	<u>10,238</u>	<u>382,176</u>
TOTAL FUNDS	<u>467,062</u>	<u>104,549</u>	<u>-</u>	<u>571,611</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	80,891	(15,832)	65,059
Restricted funds			
Feeding	132,668	(139,516)	(6,848)
Orphans and children in need	47,405	(54,300)	(6,895)
Education	4,146	(6,319)	(2,173)
Water	216,821	(206,309)	10,512
Medical and healthcare	38,586	(38,586)	-
Community	-	(1,228)	(1,228)
Development	197,099	(153,724)	43,375
Most needy restricted	<u>240,567</u>	<u>(237,820)</u>	<u>2,747</u>
	<u>877,292</u>	<u>(837,802)</u>	<u>39,490</u>
TOTAL FUNDS	<u>958,183</u>	<u>(853,634)</u>	<u>104,549</u>

DROP OF COMPASSION
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2023

14. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 28th February 2023.

15. COMPANY LIMITED BY GUARANTEE

Drop of Compassion is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.