

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

**TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH FEBRUARY 2024
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 29TH FEBRUARY 2024

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DROP OF COMPASSION

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 29TH FEBRUARY 2024**

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 29TH FEBRUARY 2024

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 29th February 2024. 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

Little Treasures:

We partnered with a local educational establishment to offer Islamic classes to 25 children with special educational needs (SEN). Tailored classed ensured that the children were provided with a safe and inclusive environment to aid their learning and development.

Spinner Hills Drugs and Alcohol Programme:

We supported a local organisation with financial assistance to provide much needed support services for substance users and their families.

Rainbows Hospice:

We continued to provide support for the hospice that supports families dealing with end-of-life patients with compassionate care and resources that intend to ease the navigation of what is always a very difficult time for loved ones.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

OBJECTIVES AND ACTIVITIES
MALAWI PROJECTS

Water:

Our commitment to provide long term sustainable solutions is evidenced through our water irrigation projects which provide consistent and reliable supplies of clean water to local villages. The water is used for drinking, sanitation and economic growth by enabling communities to earn a livelihood through agricultural farming. We have delivered a further 5 irrigation schemes this year.

In addition to the irrigation schemes, we have also constructed 9 boreholes in rural areas to provide clean drinking water to up to 18000 people and repaired a further 17 existing boreholes to ensure sustained access to water. To assist with transporting the water back to their homes, we also distributed 760 waterwheels, a simple, yet effective device that removes the need to carry litres of water on their heads across long distances.

Healthcare:

Prior to Drop of Compassion establishing health clinics, access to healthcare in rural areas of Malawi was scarce and oversubscribed, with patients having to travel up to 30km over difficult terrain even for basic healthcare support. Over the past 9 years we initially established a clinic in Somba (Mangochi district, southern region of Malawi) which was followed by an additional facility in Makanjira (Mangochi district, southern region of Malawi). The clinics provide free consultations and treatments along with maternity services that include prenatal, birthing and post natal care. Upto 10,000 patients from across 30 village are treated per month with 52% of cases linked to Malaria and 12% for HIV. Over 8,000 Beneficiaries are seen to at the maternity clinics annually and from that 1000+ births have been delivered annually.

Education:

We are committed to supporting the next generation shape a better future for Malawi for which a good education provides a solid foundation.

Many children were being disadvantaged with their learning journeys having not attended nursery prior to starting primary school. We launched our first nursery to address this issue with the intention of scaling the model nationwide.

We built 2 further primary school blocks in our Masuku and Mikundi hubs to enhance the education facilities in the regions.

We also continue to sponsor 33 students through accredited university courses with the goal of them giving back to their communities as qualified professionals in varied fields of expertise.

Sustainable Living:

We aim to empower communities to earn a sustainable income with various initiatives that compliment our water irrigation schemes. Our honey farms have benefitted 500 people across 14 villages with the project encouraging the empowerment of women, the elderly and orphans. Through our goat pass-on project, 1000 goats were provided across 20 villages to benefit approximately 6650 people to date. We continue to promote environmental sustainability by planting a 13,000+ fruits trees. A key enabler to these projects being successful is the provision of 148 bicycles for travel to markets and essential services, increasing their productive time.

Community Development Hubs:

Our unwavering commitment to empowering communities is being brought to life through the development of our community hubs which transform areas that were once barren land into thriving economic landscapes and infrastructure. The hubs comprise of essentials including clean water, homes, schools and hospitals. We have developed 6 hubs to date benefitting thousands with plans for more in areas including Mikundi, Masuku, Katema and Chigwaga to name a few.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

OBJECTIVES AND ACTIVITIES

Emergency Response (cyclone):

Many regions of Malawi were devastated by the effects of a cyclone. We mobilised our partners to provide much needed relief through 2875 emergency packs, 708 food packs and feeding 200 orphans. We also delivered farming packs to 28 farmers and fed 112 inmates at Blantyre prison.

Iftaar and Hot Food:

During the month of Ramadan, we supported 75 mosques with meals for Iftaar to feed 11,000 people daily. For families in need, this allows them to observe their faith without having to worry about how to source a daily meal to break their fast. Throughout the year we also provided over 1000 food packs across the country to provide staple food items like rice, soya, sugar and oils to impoverished communities.

SYRIA & TURKEY PROJECTS

Emergency Response (Earthquake):

The earthquake in the regions had dire consequences with fatalities and life changing outcomes for families in the region. We answered the call for emergency support to provide vital aid along with support to rebuild the lives of those impacted. We provided food provisions through the distribution of 830 food parcels and 2000 hot Iftaar meals. We supported with housing needs by commencing works to build 100 homes with further support for internal needs addressed through the provision of 180 mattresses, blankets, pillows and carpets. We also delivered 30 tents, heaters and coal bags for emergency relief. To maintain the dignity of women, we provided 500 abayas (traditional modest clothing). We are also sponsoring 11 orphans to ensure they are provided with the essentials for daily sustenance.

ROHINGYA REFUGEE CAMPS & BANGLADESH PROJECTS

Food Security and Distribution:

We continue to support the camps housing Rohingya refugees and poverty stricken areas of Bangladesh through the provision of daily sustenance, shelter and mobility support. 80,000+ hot meals were provided and 667 food packs were distributed to provide relief to already malnourished communities.

Housing and Shelter:

Much needed shelters were provided for 72 families, taking our total to 1100.

Water:

We also delivered 2 water tankers that provide 10,000 litres of water daily for 3 months and installed a water desalination unit that provides water for over 25,000 people daily (this water is cleaner than bottled mineral water).

Healthcare:

To assist those with mobility issues, we provided 96 wheelchairs to ease difficulties of navigating daily routines.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

OBJECTIVES AND ACTIVITIES

YEMEN PROJECTS

Food Security:

Our focus in this region is to tackle the pressing needs of those in need. Our malnutrition programme aids vulnerable groups with essential nutrition support and has supported 10 children for 6 months. Our bread factory provides nutritious bread for the 5000+ who are food insecure.

Healthcare:

We have also provided medical treatment for 1000 patients and distributed 500 milk powders to those in need.

Water:

Our solar powered deep tube well continues to provide clean drinking water and we also completed the installation of a borehole which serves 120 families with easy access to water.

AFGHANISTAN PROJECTS

Food Security and Eid Gifts:

Many parts of the country continue to suffer hardships in many forms. We have attempted to provide much needed relief by providing daily nourishment through over 4600 meals during the month of Ramadan and also delivering 67 food parcels across various locations. We are also sponsoring 450 children in an orphanage to ensure they have daily food provisions and also provided 83 Eid gifts to children, giving them a small dose of happiness that we take for granted.

MOROCCO PROJECTS

Emergency Response (Earthquake):

The country was struck by a devastating 6.8 magnitude earthquake in the high Atlas region which claimed thousands of lives and caused widespread destruction. We swiftly responded by offering assistance to those affected by providing 134 families with food parcels with daily essentials.

INDIA PROJECTS

Education:

Education is the foundation to building a better future for our youth. We are supporting approximately 250 students at the Ganga Sagar education centre through a holistic program covering diverse subjects, extra curricular and mentorship. With dedicated teachers and staff, we create a supportive community for student success, aiming to empower the next generation for academic and life success.

PAKISTAN PROJECTS

Healthcare:

Cataracts pose a major health risk, leading to vision impairment and potential blindness if untreated. We partnered with local healthcare providers to assist 200 people with cataracts treatment in underserved communities.

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 29TH FEBRUARY 2024

STRATEGIC REPORT
Achievement and performance
UNITED KINGDOM

As the saying goes, Charity begins at home. We remain committed to supporting local initiatives and institutions to positive change the lives of those less fortunate. We have continued to support LOROS hospice care provide support to families dealing with palliative care, partnered with a local educational establishment to provide Islamic classes to children with special educational needs and also supported a local support centre provide assistance to those impacted by substance abuse and their families.

MALAWI

The bedrock of our charity, Malawi epitomises our strategic intent to provide long term sustainable solutions that transform the lives of communities in one of the poorest countries across the globe. Our wide ranging portfolio in the region comprises of projects focused on Water, Healthcare, Education, Sustainable living and Emergency Relief.

Our sustainable projects include water irrigation, honey farming and pass-on goats. These multi purpose initiatives enable communities to flourish and earn a sustainable livelihood and also eradicate the need for children to work, instead enabling them to attend schools and attain a good education.

Scale infrastructure through our community hubs, educational institutions and water irrigation schemes are transforming previously barren lands into thriving areas of commerce.

Our long term strategy is expand our community hub model across the country to increase scale of impact in this country and leave a lasting legacy for generations.

ROHINGYA REFUGEE CAMPS AND BANGLADESH

We have supported the Rohingya refugees from the outset of their displacement and remain committed to providing them with the basic essentials of life so they can feel a sense of normality in their challenging day to day circumstance. We have also identified poverty stricken regions in Bangladesh that are in desperate need of support. We provide daily hot meals and have delivered food packs for daily sustenance and have also addressed the risk of dehydration by delivering 2 water tankers and a desalination unit which provides water cleaner than bottled mineral water. We have also provided shelters and wheelchairs for those with mobility issues.

YEMEN

With no end in sight for the ongoing crisis, we continue to provide relief to those impacted. Our malnutrition programme aids vulnerable groups with essential nutrition support and has supported 10 children for 6 months. Our bread factory provides nutritious bread for the 5000+ who are food insecure. We have also provided medical treatment for 1000 patients and distributed 500 milk powders to those in need. Our solar powered deep tube well continues to provide clean drinking water and we also completed the installation of a borehole which serves 120 families with easy access to water. At this time, there is no long term strategy for Yemen, however we remain committed to continue addressing the short term immediate needs.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

INDIA, WEST BENGAL

Education safeguards the future success of the next generation and we are passionate about supporting initiatives that focus on helping children realise their potential. We continue to support an education institution that provides holistic learning and mentoring for 250 students by committed teachers and staff.

MOROCCO AND SYRIA (EMERGENCY RELIEF)

We can never be prepared for natural disasters, conflicts or unplanned events that disrupt the lives of those impacted. We can however ensure that we are primed to respond when there is need to provide support. We supported those impacted by the earthquake in Morocco with 134 food parcels and also those impacted in Syria/Turkey by building 100 homes, clothing for women and food parcels.

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 £981,206 (2023: £1,047,951) in direct donations from the general public to carry out the programmes mentioned above. During the year £1,050,914 (2023: £1,005,576) 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.

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.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

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".

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.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 29TH FEBRUARY 2024

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 15th November 2024 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 29th February 2024 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 29th February 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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:

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities as appropriate.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

15th November 2024

DROP OF COMPASSION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 29TH FEBRUARY 2024

		Unrestricted fund £	Restricted funds £	29/2/24 Total funds £	28/2/23 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	106,993	981,206	1,088,199	1,095,825
EXPENDITURE ON					
Charitable activities	3				
Donations		50,895	1,050,914	1,101,809	1,032,138
NET INCOME/(EXPENDITURE)					
Transfers between funds	12	56,098 (28,002)	(69,708) 28,002	(13,610) -	63,687 -
Net movement in funds		28,096	(41,706)	(13,610)	63,687
RECONCILIATION OF FUNDS					
Total funds brought forward		210,748	424,550	635,298	571,611
TOTAL FUNDS CARRIED FORWARD		238,844	382,844	621,688	635,298

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION
29TH FEBRUARY 2024

	Notes	Unrestricted fund £	Restricted funds £	29/2/24 Total funds £	28/2/23 Total funds £
CURRENT ASSETS					
Debtors	10	35,000	-	35,000	60,245
Cash at bank and in hand		206,343	382,845	589,188	577,553
		<u>241,343</u>	<u>382,845</u>	<u>624,188</u>	<u>637,798</u>
CREDITORS					
Amounts falling due within one year	11	(2,500)	-	(2,500)	(2,500)
		<u>238,843</u>	<u>382,845</u>	<u>621,688</u>	<u>635,298</u>
NET CURRENT ASSETS					
		<u>238,843</u>	<u>382,845</u>	<u>621,688</u>	<u>635,298</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>238,843</u>	<u>382,845</u>	<u>621,688</u>	<u>635,298</u>
NET ASSETS					
		<u>238,843</u>	<u>382,845</u>	<u>621,688</u>	<u>635,298</u>
FUNDS	12				
Unrestricted funds				238,843	210,748
Restricted funds				382,845	424,550
TOTAL FUNDS				<u>621,688</u>	<u>635,298</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 29th February 2024.

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 15th November 2024 and were signed on its behalf by:



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 29TH FEBRUARY 2024

	Notes	29/2/24 £	28/2/23 £
Cash flows from operating activities			
Cash generated from operations	1	<u>11,635</u>	<u>49,250</u>
Net cash provided by operating activities		<u>11,635</u>	<u>49,250</u>
 Change in cash and cash equivalents in the reporting period		 <u>11,635</u>	 <u>49,250</u>
Cash and cash equivalents at the beginning of the reporting period		<u>577,553</u>	<u>528,303</u>
 Cash and cash equivalents at the end of the reporting period		 <u><u>589,188</u></u>	 <u><u>577,553</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 29TH FEBRUARY 2024**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	29/2/24	28/2/23
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(13,610)	63,687
Adjustments for:		
Decrease/(increase) in debtors	<u>25,245</u>	<u>(14,437)</u>
Net cash provided by operations	<u><u>11,635</u></u>	<u><u>49,250</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.3.23	Cash flow	At 29.2.24
	£	£	£
Net cash			
Cash at bank and in hand	<u>577,553</u>	<u>11,635</u>	<u>589,188</u>
	<u>577,553</u>	<u>11,635</u>	<u>589,188</u>
Total	<u><u>577,553</u></u>	<u><u>11,635</u></u>	<u><u>589,188</u></u>

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH FEBRUARY 2024

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:

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.

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 29TH FEBRUARY 2024

1. ACCOUNTING POLICIES - continued

EXPENDITURE

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

	29/2/24	28/2/23
	£	£
Donations	<u>1,088,199</u>	<u>1,095,825</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.

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 4)	Grant funding of activities (see note 5)	Support costs (see note 6)	Totals
	£	£	£	£
Donations	<u>20,179</u>	<u>1,059,177</u>	<u>22,453</u>	<u>1,101,809</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29TH FEBRUARY 2024**

4. DIRECT COSTS OF CHARITABLE ACTIVITIES

	29/2/24	28/2/23
	£	£
Travel and subsistence	20,179	8,356

5. GRANTS PAYABLE

	29/2/24	28/2/23
	£	£
Donations	1,059,177	1,016,659

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

	29/2/24	28/2/23
	£	£
Various relief and support programmes	1,059,177	1,016,659

6. SUPPORT COSTS

	Management	Finance	Governance	Totals
	£	£	costs	£
Donations	19,911	1,462	1,080	22,453

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

	29/2/24	28/2/23
	Donations	Total
	£	activities
	£	£
Telephone	78	273
Advertising	5,056	-
Sundries	-	1,150
Software	604	604
Consultancy	14,173	3,264
Bank charges	865	752
Subscriptions	597	-
Auditors' remuneration	1,080	1,080
	22,453	7,123

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29TH FEBRUARY 2024**

7. NET INCOME/(EXPENDITURE)

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

	29/2/24	28/2/23
	£	£
Auditors' remuneration	1,080	1,080

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 29th February 2024 nor for the year ended 28th February 2023.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 29th February 2024 nor for the year ended 28th February 2023.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	47,874	1,047,951	1,095,825
EXPENDITURE ON			
Charitable activities			
Donations	26,562	1,005,576	1,032,138
NET INCOME	21,312	42,375	63,687
RECONCILIATION OF FUNDS			
Total funds brought forward	189,435	382,176	571,611
TOTAL FUNDS CARRIED FORWARD	210,747	424,551	635,298

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29/2/24	28/2/23
	£	£
Prepayments and accrued income	35,000	60,245

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29TH FEBRUARY 2024**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29/2/24	28/2/23
	£	£
Accruals and deferred income	<u>2,500</u>	<u>2,500</u>

12. MOVEMENT IN FUNDS

	At 1.3.23	Net movement in funds	Transfers between funds	At 29.2.24
	£	£	£	£
Unrestricted funds				
General fund	210,748	56,097	(28,002)	238,843
Restricted funds				
Feeding	73,331	(37,277)	-	36,054
Orphans and children in need	16,433	(16,433)	-	-
Water	77,303	(30,556)	-	46,747
Medical and healthcare	10,921	(10,070)	-	851
Development	18,783	2,674	-	21,457
Most needy restricted	227,779	21,955	28,002	277,736
	<u>424,550</u>	<u>(69,707)</u>	<u>28,002</u>	<u>382,845</u>
TOTAL FUNDS	<u>635,298</u>	<u>(13,610)</u>	<u>-</u>	<u>621,688</u>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	106,993	(50,896)	56,097
Restricted funds			
Feeding	32,732	(70,009)	(37,277)
Orphans and children in need	13,042	(29,475)	(16,433)
Education	2,259	(2,259)	-
Water	65,945	(96,501)	(30,556)
Medical and healthcare	119,617	(129,687)	(10,070)
Development	87,006	(84,332)	2,674
Most needy restricted	660,605	(638,650)	21,955
	<u>981,206</u>	<u>(1,050,913)</u>	<u>(69,707)</u>
TOTAL FUNDS	<u>1,088,199</u>	<u>(1,101,809)</u>	<u>(13,610)</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29TH FEBRUARY 2024**

12. MOVEMENT IN FUNDS - continued

Comparatives for 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	195,947	31,832	227,779
	<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>

Comparative 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	623,762	(591,930)	31,832
	<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 29TH FEBRUARY 2024**

13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 29th February 2024.

14. 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.