

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

**TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2025
FOR
DROP OF COMPASSION
(A COMPANY LIMITED BY GUARANTEE)**

**Watergates Ltd
109 Coleman Road
Leicester
Leicestershire
LE5 4LE**

DROP OF COMPASSION
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FOR THE YEAR ENDED 28TH FEBRUARY 2025

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DROP OF COMPASSION
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 28TH FEBRUARY 2025

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

INDEPENDENT EXAMINER

Watergates Ltd
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

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 2025. 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

Drop of Compassion continued to support local initiatives that promote inclusion, wellbeing and opportunity for vulnerable groups in Leicester and the wider UK.

Little Treasures

We continued our support for Little Treasures, which offers tailored Islamic education for children with special educational needs (SEN). The classes are designed to be inclusive and supportive, ensuring that every child can learn about their faith in a safe and nurturing environment.

Spinney Hill Addiction Recovery Support

We maintained our partnership with Spinney Hill, which provides vital addiction recovery support for individuals struggling with substance abuse. The programme offers counselling, support groups and guidance to help individuals and their families through the recovery process.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

OBJECTIVES AND ACTIVITIES

GREAT CENTRAL COMMUNITY ASSOCIATION (GCCA)

We supported GCCA, the Turkish Centre for Refugees in Leicester, through a mosque support and refugee education programme. Working in partnership with local mosques, including the Turkish Mosque, we helped to provide educational programmes for refugees, including language classes, vocational training and cultural integration support. These initiatives enable refugees to rebuild their lives and become active members of the community.

Highfields Adventure Playground (HAPA)

We provided support and donations to HAPA in Leicester. HAPA offers a safe and stimulating environment for children to play, learn and grow. A wide range of activities, from sports to creative arts, helps children to develop social skills, confidence and a strong sense of community.

Healing Little Hearts - International Health Camps

We also supported Healing Little Hearts, a UK-based charity that delivers specialist paediatric cardiac care overseas. Every year, more than a million children worldwide are born with congenital heart disease, yet only a small proportion receive the life-saving treatment they need. During the year, we sponsored two medical teams to travel to Fiji and Zambia to carry out life-saving heart operations on children who would otherwise have limited or no access to such treatment.

MALAWI PROJECTS

Our Malawi portfolio focuses on long-term sustainable solutions across water, healthcare, education, sustainable living and emergency relief, transforming some of the poorest communities in the world. During the year we expanded and strengthened our projects, with a particular focus on improving access to clean water, strengthening community-based healthcare and supporting vulnerable families through food and housing support.

Water

During the year we implemented five new irrigation schemes, enabling communities to grow crops more reliably and improve food security. We also drilled five new boreholes, providing safe drinking water to communities that previously relied on unsafe or distant sources.

In addition, we focused on restoring existing infrastructure through an extensive borehole repair programme, repairing 100 boreholes across the Mangochi and Makanjira districts.

These interventions collectively improved access to clean water for thousands of people, reducing the risk of waterborne diseases and saving time, particularly for women and children who would otherwise walk long distances to collect water.

Healthcare

Our health work in Malawi continued to centre around community-based clinics that provide accessible, affordable and high-quality care, with a strong emphasis on maternal and child health.

Somba Health and Maternity Clinic:

Somba Health and Maternity Clinic provide comprehensive healthcare services, from treating common illnesses to supporting mothers throughout pregnancy and childbirth.

- Approximately 3,500 patients are treated each month
- Over 500 deliveries per year are safely supported at the clinic

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

OBJECTIVES AND ACTIVITIES

Makanjira Health and Maternity Clinic:

Located in a rural area with limited alternative services, Makanjira Health and Maternity Clinic offers essential healthcare to communities that would otherwise have no access to medical care. The clinic treats a wide range of conditions, including HIV, malaria and waterborne diseases, ensuring that mothers and children receive the care they need to thrive.

- Approximately 5,000 patients are treated each month
- Over 500 deliveries per year take place at the clinic

Together, these clinics significantly reduce preventable illness and maternal and infant mortality in their catchment areas.

Education

Education remains a cornerstone of our work in Malawi, providing children and young people with the foundations they need for a better future. This year, we:

- Supplied school furniture and learning resources to Mikundi and Masuku, including desks, office furniture, blackboards, tables, cabinets, textbooks, stationery, curtains, gardening tools and sporting equipment.
- Constructed three new school blocks and a kitchen block across Mikundi, Masuku and Kwiputi, creating safer, more functional learning environments and enabling schools to accommodate more pupils.
- Continued to support school feeding at Mikundi Primary, helping children to focus on their studies and improving attendance.
- Provided seven university sponsorships, enabling talented but financially disadvantaged students to access higher education and develop the skills needed to contribute to their communities and the wider economy.

These initiatives collectively strengthen the education system at multiple levels, from primary to tertiary.

Sustainable Living

Our sustainable living initiatives are designed to help families move from dependency towards self-reliance by building up household assets and livelihood opportunities. This year, we:

- Distributed 72 goats through pass-on schemes, enabling vulnerable families to build up small herds over time and share the benefit with others in their communities.
- Provided 46 bicycles, improving mobility for work, schooling and access to essential services, particularly in rural areas where transport options are limited.
- Constructed nine homes for vulnerable families, providing safe, dignified shelter for those living in inadequate housing conditions.

These interventions not only improve day-to-day living standards but also strengthen resilience against shocks such as poor harvests or rising food prices.

Emergency Response and Food Security

Alongside our long-term development programmes, we continued to respond to urgent needs through seasonal and emergency food support. During the year we:

- Distributed 124 Iftaar packs during Ramadan, enabling families to eat with dignity.
- Provided over 4,000 bags of 20kg maize meal during the hunger crisis, helping households to cope with severe food shortages.
- Distributed meat from over 200 goats throughout the year, ensuring that vulnerable families had access to nutritious protein on key occasions.

These interventions helped to stabilise food security for the most vulnerable households and complemented our longer-term work in water, livelihoods and education.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

OBJECTIVES AND ACTIVITIES

Community Development Hubs (Sustainable Villages)

A key strand of our work in Malawi involves developing integrated community development hubs that bring our objectives together in one place. These hubs are being established in areas that were once barren or severely under-resourced and are gradually being transformed into vibrant community spaces with clean water, homes, schools and health facilities. To date we have developed six such hubs, benefitting thousands of people, in locations including Somba, Mikundi, Masuku, Kwiputi, Katema and Chigwaga. Through this model we aim not only to meet immediate needs, but also to build the infrastructure and opportunities that allow communities to thrive in the long term.

ROHINGYA REFUGEE CAMPS AND BANGLADESH

Our support to Rohingya refugees and vulnerable communities in Bangladesh continued throughout the year, focusing on food security, shelter and access to safe water. Both the refugee camps and disaster-affected areas of Bangladesh remain extremely fragile, with families facing ongoing displacement, poverty and limited livelihood opportunities.

Food and Emergency Support (Rohingya Camps)

During the year we helped to provide regular cooked meals and hot food in the Rohingya camps, ensuring that families had access to basic, nutritious meals despite their challenging circumstances. In total, we supported the provision of 62,100 cooked and hot meals in the Rohingya camps.

These distributions helped thousands of refugees, including many children, elderly people and single-headed households, to meet their daily food needs.

Homes (Rohingya Camps)

Many shelters in the camps are weak and vulnerable to heavy rain and strong winds. During the year we supported the reconstruction and repair of 100 homes within the Rohingya camps, helping families to live in safer, more secure shelters and restoring a degree of dignity and stability.

Disaster Response and Community Support (Bangladesh)

Bangladesh is highly prone to natural disasters, including floods, cyclones and landslides, which can displace thousands of families at a time. These emergencies often leave communities without access to clean water, shelter and basic necessities. In response, we provided:

- 471 food packs for vulnerable families in Bangladesh
- 2,071 emergency food packs for families affected by flooding
- 1,000 winter clothing packs, helping families to stay warm and protected during the colder months
- Targeted cash assistance for vulnerable families, enabling them to meet urgent needs such as food, medicine and shelter

We also supported communities by providing:

- 30,000 cooked meals
- 9,670 hot Iftaar meals
- 571 food packs in Bangladesh

These interventions, alongside targeted cash assistance, ensured that families could eat with dignity and that those facing acute hardship had access to essential food supplies and other basic needs.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

OBJECTIVES AND ACTIVITIES

Water and Sanitation (Bangladesh)

Access to safe water is critical in disaster-prone areas, where existing infrastructure is often damaged or destroyed. During the year we:

- Delivered six water tankers, supplying clean water to communities in need
 - Repaired five wells, restoring sustainable local water sources
 - Installed or repaired 86 water hand pumps, improving day-to-day access to safe water for hundreds of families
- These water interventions reduce the risk of waterborne diseases and ensure that communities have a more reliable supply of clean water, particularly in the aftermath of emergencies.

YEMEN PROJECTS

Yemen remains in a protracted humanitarian crisis, with many families struggling to meet their basic needs. During the year our support focused on simple, high-impact assistance:

- 1,000 food packs for vulnerable households
- 1,000 hot meals for those facing acute food shortages
- £25,000 in cash assistance, enabling families to cover essentials such as food, medicine and shelter with dignity

PAKISTAN PROJECTS

In Pakistan we funded 200 cataract operations (around £50 per surgery), helping low-income patients at risk of blindness to restore their sight and independence through trusted local medical partners.

Public benefit

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

Volunteers

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

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

STRATEGIC REPORT

Achievements and performance

UNITED KINGDOM

During the year our UK work focused on targeted, partnership-based projects that promote inclusion, wellbeing and opportunity. Through Little Treasures we supported children with special educational needs to access tailored Islamic education in a safe, nurturing environment. Our partnership with Spinney Hill strengthened local addiction recovery support, while work with GCCA, Highfields Adventure Playground and Healing Little Hearts enabled us to reach refugees, vulnerable children and children overseas in need of life-saving heart surgery.

Collectively, these initiatives demonstrate our commitment to addressing need locally and globally through trusted community partners. In the longer term, we aim to build on these relationships and to maintain a flexible, needs-led UK programme that can adapt as local priorities change.

MALAWI

In Malawi we continued to take a holistic, area-based approach that combines water, healthcare, education, sustainable livelihoods and emergency food support. New irrigation schemes and boreholes, together with an extensive programme of borehole repairs, have strengthened water security for many communities. Our community health clinics at Somba and Makanjira provide accessible, high-quality care with a strong emphasis on maternal and child health.

Investment in school infrastructure, furniture, feeding and university sponsorships is improving educational opportunity from primary through to higher education, while livestock, bicycles, new homes and food support have helped vulnerable families build resilience and cope with the current hunger crisis. We also continued to roll out our community development hub model, gradually transforming under-resourced villages into more self-sufficient communities with access to water, basic services and economic opportunities.

ROHINGYA REFUGEE CAMPS AND BANGLADESH

Our work with Rohingya refugees and vulnerable communities in Bangladesh continued to prioritise food security, shelter and safe water. In the Rohingya camps we supported large-scale cooked meal distributions and the reconstruction and repair of shelters, improving both daily nutrition and safety for refugee families. In disaster-affected parts of Bangladesh we combined food packs, winter clothing and cooked meals with cash assistance so that families could meet their most urgent needs. Investment in water tankers, wells and hand pumps has further reduced the risk of waterborne disease. The experience this year underlined the importance of flexible support that can respond both to acute emergencies and to ongoing, protracted crises. Our long-term approach is to remain responsive in these contexts while seeking opportunities for more durable, resilience-building solutions in partnership with local organisations.

YEMEN

Given the scale and complexity of the crisis in Yemen, our strategy remains to provide targeted, high-impact assistance through reliable local partners. During the year we delivered a combined package of food support and cash assistance, helping families to cover essentials such as food, medicine and shelter. While modest in scale compared to national need, this support was carefully targeted at particularly vulnerable households and remains an important expression of our commitment to those affected by the conflict. In the longer term, we will continue to review our role in Yemen to ensure that our resources remain carefully targeted where they can have the greatest humanitarian impact.

PAKISTAN

Our work in Pakistan this year concentrated on restoring sight and preventing avoidable blindness through a cataract surgery programme. Enabling patients to regain their vision has had a transformative effect on their independence, ability to work where possible and quality of life, as well as reducing the burden of care on their families. This targeted health intervention aligns with our broader objective of improving access to essential healthcare for those who could not otherwise afford it. Over the coming years, we intend to maintain a focused portfolio of high-impact medical interventions of this kind, subject to available funding and strong local partnerships.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

STRATEGIC REPORT

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 £888,002 (2024: £981,206) in direct donations from the general public to carry out the programmes mentioned above. During the year £897,855 (2024: £1,050,914) 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.

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.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2025

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 26th November 2025 and signed on the board's behalf by:



Mr M Y Patel - Trustee

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
DROP OF COMPASSION**

Independent examiner's report to the trustees of Drop Of Compassion ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 28th February 2025.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under Section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under Section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a member of the Association of Chartered Certified Accountants, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by Section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of Section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Nazir Malida
The Association of Chartered Certified Accountants

Watergates Ltd
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

26th November 2025

DROP OF COMPASSION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 28TH FEBRUARY 2025

	Notes	Unrestricted fund £	Restricted funds £	28/2/25 Total funds £	29/2/24 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	<u>18,105</u>	<u>888,002</u>	<u>906,107</u>	<u>1,088,199</u>
EXPENDITURE ON					
Charitable activities	3				
Donations		<u>79,498</u>	<u>897,855</u>	<u>977,353</u>	<u>1,101,809</u>
NET INCOME/(EXPENDITURE)		(61,393)	(9,853)	(71,246)	(13,610)
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>238,843</u>	<u>382,845</u>	<u>621,688</u>	<u>635,298</u>
TOTAL FUNDS CARRIED FORWARD		<u>177,450</u>	<u>372,992</u>	<u>550,442</u>	<u>621,688</u>

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION
28TH FEBRUARY 2025

	Notes	Unrestricted fund £	Restricted funds £	28/2/25 Total funds £	29/2/24 Total funds £
CURRENT ASSETS					
Debtors	10	15,497	-	15,497	35,000
Cash at bank		<u>166,453</u>	<u>372,992</u>	<u>539,445</u>	<u>589,188</u>
		181,950	372,992	554,942	624,188
CREDITORS					
Amounts falling due within one year	11	(4,500)	-	(4,500)	(2,500)
NET CURRENT ASSETS		<u>177,450</u>	<u>372,992</u>	<u>550,442</u>	<u>621,688</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>177,450</u>	<u>372,992</u>	<u>550,442</u>	<u>621,688</u>
NET ASSETS		<u>177,450</u>	<u>372,992</u>	<u>550,442</u>	<u>621,688</u>
FUNDS	12				
Unrestricted funds				177,450	238,843
Restricted funds				<u>372,992</u>	<u>382,845</u>
TOTAL FUNDS				<u>550,442</u>	<u>621,688</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28th February 2025.

The members have not required the company to obtain an audit of its financial statements for the year ended 28th February 2025 in accordance with Section 476 of the Companies Act 2006.

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.

The financial statements were approved by the Board of Trustees and authorised for issue on 26th November 2025 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 28TH FEBRUARY 2025

	Notes	28/2/25 £	29/2/24 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(49,743)</u>	<u>11,635</u>
Net cash (used in)/provided by operating activities		<u>(49,743)</u>	<u>11,635</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(49,743)	11,635
Cash and cash equivalents at the beginning of the reporting period		<u>589,188</u>	<u>577,553</u>
Cash and cash equivalents at the end of the reporting period		<u>539,445</u>	<u>589,188</u>

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2025**

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

	28/2/25	29/2/24
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(71,246)	(13,610)
Adjustments for:		
Decrease in debtors	19,503	25,245
Increase in creditors	<u>2,000</u>	<u>-</u>
Net cash (used in)/provided by operations	<u>(49,743)</u>	<u>11,635</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.3.24	Cash flow	At 28.2.25
	£	£	£
Net cash			
Cash at bank and in hand	<u>589,188</u>	<u>(49,743)</u>	<u>539,445</u>
	<u>589,188</u>	<u>(49,743)</u>	<u>539,445</u>
Total	<u>589,188</u>	<u>(49,743)</u>	<u>539,445</u>

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY 2025

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 2025

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

	28/2/25	29/2/24
	£	£
Donations	<u>906,107</u>	<u>1,088,199</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 2025**

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 4) £	Grant funding of activities (see note 5) £	Support costs (see note 6) £	Totals £
Donations	<u>16,401</u>	<u>932,481</u>	<u>28,471</u>	<u>977,353</u>

4. DIRECT COSTS OF CHARITABLE ACTIVITIES

	28/2/25 £	29/2/24 £
Travel and subsistence	<u>16,401</u>	<u>20,179</u>

5. GRANTS PAYABLE

	28/2/25 £	29/2/24 £
Donations	<u>932,481</u>	<u>1,059,177</u>

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

	28/2/25 £	29/2/24 £
Various relief and support programmes	<u>932,481</u>	<u>1,059,177</u>

6. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Donations	<u>24,546</u>	<u>892</u>	<u>3,033</u>	<u>28,471</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2025**

6. SUPPORT COSTS - continued

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

	28/2/25	29/2/24
	Donations	Total activities
	£	£
Telephone	97	78
Advertising	398	5,056
Software	714	604
Consultancy	23,337	14,173
Bank charges	244	865
Subscriptions	648	597
Auditors' remuneration	-	1,080
Accountancy and legal fees	<u>3,033</u>	<u>-</u>
	<u>28,471</u>	<u>22,453</u>

7. NET INCOME/(EXPENDITURE)

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

	28/2/25	29/2/24
	£	£
Auditors' remuneration	<u>-</u>	<u>1,080</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28th February 2025 nor for the year ended 29th February 2024.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 28th February 2025 nor for the year ended 29th February 2024.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted funds	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	<u>106,993</u>	<u>981,206</u>	<u>1,088,199</u>
EXPENDITURE ON			
Charitable activities			
Donations	<u>50,895</u>	<u>1,050,914</u>	<u>1,101,809</u>
NET INCOME/(EXPENDITURE)	56,098	(69,708)	(13,610)
Transfers between funds	(28,002)	28,002	-

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2025

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued			
	Unrestricted fund £	Restricted funds £	Total funds £
Net movement in funds	28,096	(41,706)	(13,610)
RECONCILIATION OF FUNDS			
Total funds brought forward	210,748	424,550	635,298
TOTAL FUNDS CARRIED FORWARD	<u>238,844</u>	<u>382,844</u>	<u>621,688</u>
10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
		28/2/25 £	29/2/24 £
Prepayments and accrued income		<u>15,497</u>	<u>35,000</u>
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
		28/2/25 £	29/2/24 £
Accruals and deferred income		<u>4,500</u>	<u>2,500</u>
12. MOVEMENT IN FUNDS			
	At 1.3.24 £	Net movement in funds £	At 28.2.25 £
Unrestricted funds			
General fund	238,843	(61,393)	177,450
Restricted funds			
Feeding	36,054	4,193	40,247
Orphans and children in need	-	2,077	2,077
Water	46,747	(4,708)	42,039
Medical and healthcare	851	15,291	16,142
Development	21,457	3,922	25,379
Most needy restricted	<u>277,736</u>	<u>(30,628)</u>	<u>247,108</u>
	<u>382,845</u>	<u>(9,853)</u>	<u>372,992</u>
TOTAL FUNDS	<u>621,688</u>	<u>(71,246)</u>	<u>550,442</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2025**

12. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	18,105	(79,498)	(61,393)
Restricted funds			
Feeding	55,046	(50,853)	4,193
Orphans and children in need	2,077	-	2,077
Education	1,184	(1,184)	-
Water	109,067	(113,775)	(4,708)
Medical and healthcare	181,793	(166,502)	15,291
Community	4,614	(4,614)	-
Development	30,777	(26,855)	3,922
Most needy restricted	<u>503,444</u>	<u>(534,072)</u>	<u>(30,628)</u>
	<u>888,002</u>	<u>(897,855)</u>	<u>(9,853)</u>
TOTAL FUNDS	<u>906,107</u>	<u>(977,353)</u>	<u>(71,246)</u>

Comparatives for 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	<u>227,779</u>	<u>21,955</u>	<u>28,002</u>	<u>277,736</u>
	<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>

DROP OF COMPASSION
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2025

12. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	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	<u>660,605</u>	<u>(638,650)</u>	<u>21,955</u>
	<u>981,206</u>	<u>(1,050,913)</u>	<u>(69,707)</u>
TOTAL FUNDS	<u><u>1,088,199</u></u>	<u><u>(1,101,809)</u></u>	<u><u>(13,610)</u></u>

13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 28th February 2025.

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.

DROP OF COMPASSION
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 28TH FEBRUARY 2025

	28/2/25 £	29/2/24 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	<u>906,107</u>	<u>1,088,199</u>
Total incoming resources	906,107	1,088,199
EXPENDITURE		
Charitable activities		
Travel and subsistence	16,401	20,179
Grants to institutions	<u>932,481</u>	<u>1,059,177</u>
	948,882	1,079,356
Support costs		
Management		
Telephone	97	78
Advertising	398	5,056
Software	714	604
Consultancy	<u>23,337</u>	<u>14,173</u>
	24,546	19,911
Finance		
Bank charges	244	865
Subscriptions	<u>648</u>	<u>597</u>
	892	1,462
Governance costs		
Auditors' remuneration	-	1,080
Accountancy and legal fees	<u>3,033</u>	<u>-</u>
	<u>3,033</u>	<u>1,080</u>
Total resources expended	<u>977,353</u>	<u>1,101,809</u>
Net expenditure	<u><u>(71,246)</u></u>	<u><u>(13,610)</u></u>

This page does not form part of the statutory financial statements