

Registered number: 12142286
Charity number: 1195998

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

MERCY TO HUMANITY
(A Company Limited by Guarantee)

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MERCY TO HUMANITY
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023

Trustees	Mohammed U H SAYED, Chair Nadeem NAZ, Trustee Abubaker SAYED, Trustee (appointed 6 September 2022) Emran AHMED, Trustee (resigned 6 September 2022)
Company registered number	12142286
Charity registered number	1195998
Registered office	Unit 16 Skyline Business Village London E14 9TS
Independent auditors	Amex Associates Limited Chartered Certified Accountants Statutory Auditors 1st Floor 144-146 East Barnet Road Barnet London EN4 8RD
Bankers	Barclays Bank Plc

MERCY TO HUMANITY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the audited financial statements of the Mercy To Humanity for the 1 September 2022 to 31 August 2023. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

"Mercy to Humanity is a unique organisation established in September 2019, our ethos is to eliminate poverty through humanitarian work and disaster relief. This operational year we have increased the number of families we support on our flagship Ophan 'Care program." - Nadeem Naz

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities

Mission Statement: Around the world, millions of people start life off disadvantaged, simply because of who they are and where they're from. It is our mission to empower these men, women, and children by working towards eliminating poverty through humanitarian work, disaster relief, medical aid, and empowerment projects.

Prophet Muhammed (peace and blessings be upon him) said: ***“Convey from me even if it is (only) one ayah.”*** Our fundamental mission is not only to convey the beautiful message of Islam whilst carrying out our work, but also to support new Muslims who have entered this amazing journey making sure they have a solid Islamic foundation which will allow them to please their Lord and earn His pleasure.

Vision: Our approach to humanitarian work is simple - we do everything as the Prophet Muhammed (pbuh) would do! Our name is taken from the Prophet Muhammed (pbuh) too – ‘Mercy to Humanity’ is the title given to the Prophet Muhammed (pbuh) by God Himself.

The fact that the Prophet Muhammed (pbuh) is ranked number one in Michael Hart’s “The 100: A Ranking of the Most Influential Persons in History”, is a testimony of his universal appeal and success, and reflects the deep care and compassion he showed to the vulnerable - irrespective of age, gender, race, culture, colour, or creed.

There is no doubt that the Prophet Muhammed (pbuh) represents an amazing humanitarian. Therefore, Mercy to Humanity has modelled all its humanitarian work on the teachings and recommendations of the Prophet Muhammed (pbuh) himself. We truly believe this approach is the best way of serving society - providing hope, health, and happiness to all of humanity!

To showcase to the world the love, compassion, and mercy of the Prophet Muhammed (peace and blessing upon him) who was the kindest and most selfless man to ever walk this earth. Being extremely kind-hearted, his eyes brimmed with tears at the slightest sign of inhumanity.

The Prophet Muhammed (pbuh) life-mission was caring for those going through distress, whether they're young, old, rich, poor, weak or strong. Our vision is to emulate his character in everything that we do and teach others how to follow his way of life, the ultimate pathway to eternal bliss: Paradise.

Activities: At Mercy to Humanity, we are passionate about; building wells, caring for orphans, delivering medical aid and healthcare, providing nutritious meals, opening schools, orphanages and mosques, caring for widows, the elderly, and the environment!

The trustees focus on activities which are in line with long-term aims of eradicating poverty in the areas where we work. It is vital for our charity to provide relief which in the foreseeable future, would enable these communities to become as self-sufficient and independent as possible. Adhering to our charitable objectives, our activities include, but are not limited to these channels:

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

- **Food Packs** - Mercy to Humanity are distributing Food Packs to our fellow humans in Albania, Turkey, Lebanon, Morocco, Pakistan, Palestinian refugees, Yemen, India, Jammu and Kashmir to allow these people to feed their families and survive. Our food packs include staple goods such as flour, oil, rice, and pasta. Over the past year, we have been able to distribute over 30,486 food parcels and each year, with the grace of God, we wish for this number to grow. We were also able to support the Turkey and Morocco earthquakes, providing vital aid to food banks. Many of us are given the luxury of having access to nutritious food but sometimes we forget that not everyone is blessed with the same. Mercy to Humanity provides the opportunity to take part in providing essentials for the less fortunate and struggling families for them to also enjoy the blessings.

The Prophet Muhammad (pbuh) said "the best of all charities is to feed a hungry person".

- **Orphan Sponsorships** - Sadly, every 6 seconds a child is orphaned in this world. We are currently taking care of orphans in Albania and Turkey only, providing all the essentials including food, water, shelter, medicine and education. Our desire is to provide these beautiful orphaned children with hope, confidence and the courage to pursue their dreams. The donations we receive via our orphan sponsorship fund have been dedicated to providing education, clothing, shelter, food and healthcare for these vulnerable children.

- **Orphan Guardianship Program Initiation** – Orphan Guardianship is a comprehensive programme that provides funding tailored to the needs of the orphan. Through this scheme, each child within the family is assessed case-by-case, looking at their circumstances and living conditions carefully to adequate the best care and support needed. Under the Orphan Guardianship programme the beneficiary receives funding for these categories: Food & Subsistence (includes financial assistance and food packages), Education (Including school fees, books, school supplies, and travel.), Health (Includes medical payments), Social Uplift (includes extracurricular and group activities, celebrations and events with the charity and outside), Rent, Electricity and Internet, Child Protection (Includes home visits to ensure the child's safety and provide intervention when needed. As a trial we started off with 5 families to see if this extra support could impact their lives. Due to the successful impact on these 5 families, we decided to increase the program to 25 families this financial year.

It is important to remember the hadith of our beloved prophet Muhammad s.a.w. who lost both of his parents by the age of 6.

The Prophet Muhammad (pbuh) said: "The one who looks after an orphan and myself will be together in Jannah like this" and he held his two fingers together like this to illustrate!

- **Hifz (term used by Muslims for someone who has completely memorized the Quran) Sponsorships** – Many children worldwide unfortunately have no access to Qu'ran classes nor are provided with the ability to memorise the Qu'ran. The best and most efficient way to get our children to memorise the Qur'an is by rewarding them and instilling the love of the book of Allah in their hearts! Hence, we offer our children the ability to learn and memorise the Qu'ran through our hifz sponsorship. It is with immense pleasure that we have seen first-hand the determination these children have to attend classes and learn the beautiful book of Allah. Even with the pandemic and lockdown, the children have carried on with online learning methods.

"Teach your children Qu'ran and the Qu'ran will teach them everything"

The Messenger of Allah said (Sahih Muslim 2699): "Whoever takes a path upon which to obtain knowledge, Allah makes the path to Paradise easy for him."

- **Education centre** – It will be one of our biggest accomplishments to establish an education centre in Albania, one of the poorest countries in Europe which has dozens of orphan children. This state-of-the-art facility will cater for their schooling needs, Islamic and Academic, and will also be a safe place where they can

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

grow, excel, learn, play, rest and eat. Currently, we are using the donations we received during Ramadan to establish an education centre in Albania. We aim to provide these children with the best we can; from access to education to food. The orphanage has been designed and is currently under renovation.

The Prophet Muhammad (pbuh) said – “When a man passes away, his worldly acts come to an end, but three acts; recurring charity, knowledge (by which others benefit or a pious son who prays for him will bear continuous reward (for the deceased)).

- **Where we work:**
 - Albania
 - India
 - Yemen
 - Jammu & Kashmir
 - Palestinian Refugees
 - UK

How we work: The charity carries out its work in two main ways:

1. Through direct delivery – actively visiting our countries of work and carrying out the work first-hand. This is at least until we establish our own staff in these areas.
2. Delivering our charitable goals through our partner organisations. Currently, we work with nine partners, including Orphans in Need and One Ummah.

Working with partners who share a common aim can aid with cutting costs, improving outcomes and offers a more economical approach. As we are a small entity, collaboration is beneficial for us to seek ways to create a sustainable long-term future. By working together, we have been able to improve awareness and increase our fundraising by doubling our reach and receiving greater exposure.

Equally as important is our method of direct delivery which enables staff members and volunteers to develop knowledge, witness their work and meet our beneficiaries. It allows them to see their work first-hand, providing them with a sense of accomplishment and continued motivation.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

Our Partners

Orphans in Need: Orphans in Need has a long history of serving and supporting widows and orphans in Jammu and Kashmir and other countries. For the holy month of Ramadan, on behalf of us, Orphans in Need will be feeding widows and orphans by providing them with the essentials. This project aims to provide relief and to share the joy and happiness of Ramadan with deprived and underprivileged widows and orphans in Kashmir, India & Gaza.

One Ummah: An award-winning humanitarian and disaster relief aid organisation who are based in the UK. One Ummah provides aid across more than 15 countries. Their aim is to relieve suffering across the world. Their focus is to provide relief to those in need and to empower projects that will give beneficiaries the opportunity to change their own and their families lives for the better. One Ummah have expanded their charity across the UK and now abroad.

Mercy Relief: Mercy Relief was founded in 2008 in Birmingham. The founders were actively involved in community work amongst the British-Yemeni community as well as other communities in Birmingham. The focus of their work is around orphans in Yemen and actively participating in relief programmes. Over the years the number of orphans that they support with their relief programmes in Yemen has increased. They also support those who are poor and needy. They are aiming to expand their activities to other parts of the Middle East, Asia and Africa over time.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Financial review

After weighing out our income, expenditure and other factors which may affect our ability to continue our work, the trustees have concluded that the charity has adequate resources to continue its operational existence for the foreseeable future.

How the charity obtains its funds: We are extremely thankful to the public for their generous donations; this is where most of our charities funding comes from. We raise our funds primarily through advertising, from running Facebook ads and using other platforms of social media.

How we have spent our funds: The distribution of funds is dependent on what project the donors would like to donate towards.

Structure, governance and management

a. Constitution

Mercy To Humanity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

b. Methods of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

Conclusion

This year was a challenge due to the Impact Earthquakes. With constant restrictions within the UK and abroad. Despite these restrictions, the charity was still able to achieve the goals we had set and projects were fulfilled and expanded. Overall, many people across the world were able to receive financial support and benefitted from the work carried out.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity 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).

Company law requires the Trustees to prepare financial statements for each financial . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Amex Associates Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

27 June 2024

Approved by order of the members of the board of Trustees on and signed on their behalf by:

Nadeem Naz

.....
Nadeem NAZ
(Trustee)

MERCY TO HUMANITY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY TO HUMANITY

Opinion

We have audited the financial statements of Mercy To Humanity (the 'charitable company') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 United Kingdom, including the Financial Reporting Council'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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY TO HUMANITY (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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
- sufficient accounting records have not been kept; 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 Trustees' Responsibilities Statement, 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY TO HUMANITY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor 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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

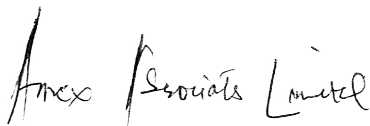
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

MERCY TO HUMANITY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCY TO HUMANITY (CONTINUED)

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
B Alvi (Senior Statutory Auditor)

for and on behalf of
Amex Associates Limited

Chartered Certified Accountants
Statutory Auditors

1st Floor
144-146 East Barnet Road
Barnet
London
EN4 8RD

Date: 27 June 2024

Amex Associates Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

MERCY TO HUMANITY
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	2	1,353,175	-	1,353,175	1,116,657
Charitable activities	3	-	1,436,748	1,436,748	1,367,980
Total income		1,353,175	1,436,748	2,789,923	2,484,637
Expenditure on:					
Raising funds	4	416,455	32,699	449,154	400,604
Charitable activities	5	541,722	1,253,707	1,795,429	1,713,450
Governance costs	7	362,112	45,105	407,217	173,739
Total expenditure		1,320,289	1,331,511	2,651,800	2,287,793
Net movement in funds		32,886	105,237	138,123	196,844
Reconciliation of funds:					
Total funds brought forward		166,218	(6,621)	159,597	(37,247)
Net movement in funds		32,886	105,237	138,123	196,844
Total funds carried forward		199,104	98,616	297,720	159,597

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 31 form part of these financial statements.

MERCY TO HUMANITY
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REGISTERED NUMBER: 12142286

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	26,360	9,909
		<u>26,360</u>	<u>9,909</u>
Current assets			
Debtors: amounts falling due after more than one year	11	100,000	-
Debtors: amounts falling due within one year	11	15,000	124,900
Cash at bank and in hand		172,889	41,832
		<u>287,889</u>	<u>166,732</u>
Creditors: amounts falling due within one year	12	(16,529)	(17,044)
Net current assets		271,360	149,688
Total assets less current liabilities		<u>297,720</u>	<u>159,597</u>
Net assets excluding pension asset		<u>297,720</u>	<u>159,597</u>
Total net assets		<u><u>297,720</u></u>	<u><u>159,597</u></u>
Charity funds			
Restricted funds	14	98,616	(6,621)
Unrestricted funds	14	199,104	166,218
Total funds		<u><u>297,720</u></u>	<u><u>159,597</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

MERCY TO HUMANITY
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BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements were approved and authorised for issue by the Trustees on 27 June 2024 and signed on their behalf by:

Nadeem Naz
.....
Nadeem NAZ
(Trustee)

The notes on pages 16 to 31 form part of these financial statements.

MERCY TO HUMANITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mercy To Humanity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charity has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A

1.2 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20% on cost
Office equipment	-	20% on cost

1.5 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.6 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.7 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

MERCY TO HUMANITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.8 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

General Funds, are funds that have been donated to our Admin Fund from our generous donors. These funds are used to run the charity, expand and also deliver new projects or fund deficits from existing projects.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. Income from donations and legacies

	Unrestricted funds 2023 £	Total funds 2023 £
Donations	1,353,175	1,353,175

	Unrestricted funds 2022 £	Total funds 2022 £
Donations	1,116,657	1,116,657

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

3. Income from charitable activities

	Restricted funds 2023 £	Total funds 2023 £
Orphans Growth & Development	489,252	489,252
Health & Wellbeing	565,878	565,878
Emergency	269,639	269,639
Islamic Education	111,979	111,979
Total 2023	<u>1,436,748</u>	<u>1,436,748</u>
	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Orphans Growth & Development	391,170	391,170
Health & Wellbeing	488,505	488,505
Emergency	443,225	443,225
Islamic Education	45,080	45,080
<i>Total 2022</i>	<u>1,367,980</u>	<u>1,367,980</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

4. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Fundraising and advertisement	317,136	12,452	329,588
Fundraising consultancy	99,319	20,247	119,566
Total 2023	416,455	32,699	449,154

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Fundraising and advertisement	323,591	-	323,591
Fundraising consultancy	73,763	3,250	77,013
<i>Total 2022</i>	<i>397,354</i>	<i>3,250</i>	<i>400,604</i>

MERCY TO HUMANITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

5. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Unrestricted	541,722	-	541,722
Orphans Growth & Development	-	307,077	307,077
Health & Wellbeing	-	548,074	548,074
Emergency	-	358,279	358,279
Islamic Education	-	40,277	40,277
Total 2023	541,722	1,253,707	1,795,429

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total 2022 £</i>
Unrestricted	339,216	-	339,216
Orphans Growth & Development	-	537,217	537,217
Health & Wellbeing	-	501,747	501,747
Emergency	-	274,270	274,270
Islamic Education	-	61,000	61,000
<i>Total 2022</i>	339,216	1,374,234	1,713,450

Attributable to activities undertaken directly and support costs (see note 6).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

6. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Unrestricted	24,811	516,911	541,722
Orphans Growth & Development	63,868	243,209	307,077
Health & Wellbeing	115,472	432,602	548,074
Emergency	271,381	86,898	358,279
Islamic Education	22,619	17,658	40,277
Total 2023	<u>498,151</u>	<u>1,297,278</u>	<u>1,795,429</u>

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Unrestricted	958	338,258	339,216
Orphans Growth & Development	-	537,217	537,217
Health & Wellbeing	31,900	469,847	501,747
Emergency	-	274,270	274,270
Islamic Education	21,000	40,000	61,000
<i>Total 2022</i>	<u>53,858</u>	<u>1,659,592</u>	<u>1,713,450</u>

MERCY TO HUMANITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Unrestricted 2023 £	Orphans Growth & Development 2023 £	Health & Wellbeing 2023 £	Emergency 2023 £
Orphans Growth & Development	-	63,868	-	-
Health & Wellbeing	320	-	115,472	-
Emergency	-	-	-	271,381
Islamic Education	24,491	-	-	-
Total 2023	24,811	63,868	115,472	271,381

	Islamic Education 2023 £	Total funds 2023 £
Orphans Growth & Development	-	63,868
Health & Wellbeing	-	115,792
Emergency	-	271,381
Islamic Education	22,619	47,110
Total 2023	22,619	498,151

	Unrestricted 2022 £	Orphans Growth & Development 2022 £	Health & Wellbeing 2022 £	Emergency 2022 £
Health & Wellbeing	958	-	31,900	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

6. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Islamic Education 2022 £</i>	<i>Total funds 2022 £</i>
Orphans Growth & Development	21,000	21,000
Health & Wellbeing	-	32,858
<i>Total 2022</i>	<u>21,000</u>	<u>53,858</u>

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6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Unrestricted 2023 £	Orphans Growth & Development 2023 £	Health & Wellbeing 2023 £	Emergency 2023 £
Staff costs	165,873	-	65,116	-
Travel, subsistence and motor expenses	73,096	24,900	63,550	47,748
IT consumables, softwares and subscriptions	24,801	500	-	3,047
Printing, postage and stationery	7,852	960	1,124	6,553
Telephone and internet	7,639	-	-	-
Legal, professional and consultancy fee	180,365	1,899	38,391	28,650
Project costs	57,285	214,950	264,421	900
Total 2023	516,911	243,209	432,602	86,898

	Islamic Education 2023 £	Total funds 2023 £
Staff costs	-	230,989
Travel, subsistence and motor expenses	-	209,294
IT consumables, softwares and subscriptions	2,478	30,826
Printing, postage and stationery	-	16,489
Telephone and internet	-	7,639
Legal, professional and consultancy fee	4,434	253,739
Project costs	10,746	548,302
Total 2023	17,658	1,297,278

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Unrestricted 2022 £</i>	<i>Orphans Growth & Development 2022 £</i>	<i>Health & Wellbeing 2022 £</i>	<i>Emergency 2022 £</i>
Staff costs	82,734	27,430	-	-
Travel, subsistence and motor expenses	58,572	16,743	21,531	4,479
IT consumables, softwares and subscriptions	21,006	-	-	-
Printing, postage and stationery	4,549	-	-	-
Telephone and internet	1,037	-	-	-
Legal, professional and consultancy fee	101,875	1,100	-	-
Project costs	68,485	491,944	448,316	269,791
Total 2022	338,258	537,217	469,847	274,270

	<i>Islamic Education 2022 £</i>	<i>Total funds 2022 £</i>
Staff costs	-	110,164
Travel, subsistence and motor expenses	-	101,325
IT consumables, softwares and subscriptions	-	21,006
Printing, postage and stationery	-	4,549
Telephone and internet	-	1,037
Legal, professional and consultancy fee	-	102,975
Project costs	40,000	1,318,536
Total 2022	40,000	1,659,592

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7. Governance costs

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Accountancy fee	33,519	-	33,519
Auditor's remuneration	7,200	-	7,200
Auditor's fee - non-audit services	2,400	-	2,400
Rent and rates	167,036	9,873	176,909
Bank charges and other financial expenses	101,046	-	101,046
Sundry expenses	42,674	35,232	77,906
Depreciation	8,237	-	8,237
Total 2023	362,112	45,105	407,217
	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Accountancy fee	20,625	-	20,625
Auditor's remuneration	7,200	-	7,200
Auditor's fee - non-audit services	2,400	-	2,400
Rent and rates	44,242	-	44,242
Bank charges and other financial expenses	83,112	-	83,112
Sundry expenses	12,747	113	12,860
Depreciation	3,300	-	3,300
Total 2022	173,626	113	173,739

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8. Staff costs

	2023	<i>2022</i>
	£	£
Wages and salaries	214,652	<i>103,461</i>
Social security costs	14,272	<i>6,703</i>
Employer pension contributions	2,065	<i>-</i>
	230,989	<i>110,164</i>

The average number of persons employed by the Charity during the year was as follows:

	2023	<i>2022</i>
	No.	No.
Staff	13	<i>6</i>

No employee received remuneration amounting to more than £60,000 in either year.

9. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (*2022 - £NIL*).

During the year ended 31 August 2023, no Trustee expenses have been incurred (*2022 - £NIL*).

MERCY TO HUMANITY
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**NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 September 2022	1,709	14,788	16,497
Additions	11,778	12,910	24,688
At 31 August 2023	<u>13,487</u>	<u>27,698</u>	<u>41,185</u>
Depreciation			
At 1 September 2022	706	5,882	6,588
Charge for the year	2,697	5,540	8,237
At 31 August 2023	<u>3,403</u>	<u>11,422</u>	<u>14,825</u>
Net book value			
At 31 August 2023	<u>10,084</u>	<u>16,276</u>	<u>26,360</u>
<i>At 31 August 2022</i>	<u>1,003</u>	<u>8,906</u>	<u>9,909</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Debtors

	2023 £	2022 £
Due after more than one year		
Other debtors	100,000	-
	2023 £	2022 £
Due within one year		
Other debtors	15,000	124,900

Included in debtors is the interest free loan of £100,000 provided to, Hadhrat Shaykh Muhammad Zakariyya Foundation (charity number 1200619) in 2023, a registered charity under charities commission. In exchange for interest, Hadhrat Shaykh Mohammad Zakariyya Foundation has agreed to project Mercy To Humanity work amongst potential donors by way of providing assistance with campaign and potential collaboration as delivery partner in Albania. The outstanding balance on the loan as at year end was £100,000 (2022 - £NIL).

Also included in debtors is the short term interest free loan of £15,000 provided to, Child Relief (charity number 1139451) in 2023, a registered charity under charities commission. The outstanding balance on the loan as at year end was £15,000 (2022 - £NIL).

All other loans were paid off during the year.

12. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	279	-
Other taxation and social security	4,275	1,444
Accruals and deferred income	11,975	15,600
	16,529	17,044

13. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 or the debts and liabilities contracted before he/she ceases to be a member.

MERCY TO HUMANITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

14. Statement of funds

Statement of funds - current year

	Balance at 1 September 2022 £	Income £	Expenditure £	Balance at 31 August 2023 £
Unrestricted funds				
General Funds - all funds	166,218	1,353,175	(1,320,289)	199,104
Restricted funds				
Orphans Growth & Development	(170,297)	489,252	(316,616)	2,339
Health & Wellbeing	(13,355)	565,878	(560,149)	(7,626)
Emergency	170,013	269,639	(358,473)	81,179
Islamic Education	7,018	111,979	(96,273)	22,724
	(6,621)	1,436,748	(1,331,511)	98,616
Total of funds	159,597	2,789,923	(2,651,800)	297,720

Statement of funds - prior year

	Balance at 1 September 2021 £	Income £	Expenditure £	Balance at 31 August 2022 £
Unrestricted funds				
General Funds - all funds	(40,243)	1,116,657	(910,196)	166,218
Restricted funds				
Orphans Growth & Development	-	391,170	(561,467)	(170,297)
Health & Wellbeing	-	488,505	(501,860)	(13,355)
Emergency	1,058	443,225	(274,270)	170,013
Islamic Education	1,938	45,080	(40,000)	7,018
	2,996	1,367,980	(1,377,597)	(6,621)
Total of funds	(37,247)	2,484,637	(2,287,793)	159,597