

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 2021

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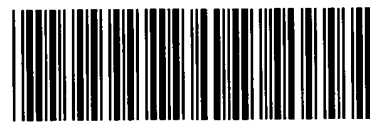


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MERCY TO HUMANITY
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2 - 8
Independent Auditors' Report on the Financial Statements	9 - 12
Statement of Financial Activities	13
Balance Sheet	14 - 15
Notes to the Financial Statements	16 - 30

<p>MERCY TO HUMANITY (A Company Limited by Guarantee)</p>

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees	Mohummed U H SAYED, Chair Nadeem NAZ, Trustee Emran AHMED, Trustee
Company registered number	12142286
Charity registered number	1195998
Registered office	Office 1 - Church Lane Chambers Church Lane London E11 1HG
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
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the audited financial statements of the Mercy To Humanity for the year 1 September 2020 to 31 August 2021. 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. We are pleased to announce that we have been blessed in completing our first operational year. In our first year of launch, we have established partnerships with other reputable charities with the aim to achieve our goals and objectives. Through these partnerships and projects, we have achieved milestones towards our vision." - Nadeem Naz

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 blessing 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 (peace and blessing upon him) 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:

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

- **Food Packs** - Mercy to Humanity are distributing Food Packs to our fellow humans in Albania, Palestine, Yemen, India, and Indian Administered 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 40,000 food parcels and each year, with the grace of God, we wish for this number to grow. We were also able to support the Covid-19 pandemic, 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 provide 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 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. We have started of with five families as a trial to see how this will impact their lives. If it is successful, our target is to increase to 25 families in the next 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 (s.a.w.) 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 Qu'ran 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."

- **Orphanage** – It will be one of our biggest accomplishments to establish an orphanage in Albania, one of the poorest countries in Europe which has of 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 grow, excel, learn,

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

play, rest and eat. Currently, we are using the donations we received during Ramadan to establish an orphanage in Albania which will hold 20 orphan children and their mothers. We aim to provide these children with the best we can; from access to education to shelter to food. The orphanage has been designed and is awaiting permits for renovation.

• **Medical** – *"Whoever saves one life, it is as if he has saved the whole of mankind"* (Holy Qu'ran 5:32). We are working on providing children who suffer with medical conditions such like; autism, down syndrome and scoliosis with specialised treatment plans and therapy to ensure they enjoy a better quality of life and live as close to a normal life as possible. We deliver health and social care services via our partner in Albania, Futures for You. In Partnership we have managed to expand the operation of the centre and accommodate 200% more children and regular services such as physio therapy, etc.

The Prophet Muhammad s.a.w 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
- Palestine
- United Kingdom

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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Our Partners

Future for You: Located in the city of Elbasan, Albania, this center provides different types of therapy for children with special needs, including speech, educational and physiotherapy. Together, we will provide therapeutic services, along with emergency food and water aid and increasing awareness on disabilities via campaigns. Future for You have assessed 200 children who are in immense need of therapy. They also have 5,000 individuals who require economical support such as food packs monthly. This project will help continue to provide therapies and other services for special need children and their families. With this project the team will provide services to other children who live far from the city and are unable to pay for transport or therapists. Implementing this project will help the center provide a high quality of services and have increased sustainability for the foreseeable future.

Orphans in Need: Orphans in Need has a long history of serving and supporting widows and orphans in 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 joy and happiness of Ramadan with deprived and underprivileged widows and orphans in Kashmir, India & Gaza.

One Nation: A UK based charity set up in 2014 which supports local, national and international relief projects to help improve lives. They provide emergency food, water and shelter and operate in 5 continents. They have expanded to over 40 countries carrying out a variety of projects, focusing on critical emergency aid and self-sustainable aid to help beneficiaries break the poverty cycle. We have worked with One Nation to deliver Covid Assistance in India.

One Ummah: An award-winning humanitarian and disaster relief aid organisation who are based in the UK. One Ummah provide 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.

Muslim Welfare Institute: Formed in 1992 MWI is a charity based in Blackburn. Their aims and objectives are to establish both short and long-term projects in developing countries in the fields of Education, Medicine, Welfare and Relief, Rehabilitation amongst other projects to benefit people in need. MWI are currently working in 7 countries. They began working in Albania in 1993, Bangladesh and India in 2003, Macedonia and West Bengal in 2017 and Bosnia from 2019. They also carry out local projects within the UK.

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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 of COVID 19. 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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 year. 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.

31 August 2022

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

Nadeem Naz

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Nadeem NAZ
(Trustee)

MERCY TO HUMANITY
(A Company Limited by Guarantee)

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 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

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

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

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.

Amex Associates Limited

.....
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: **31 August 2022**
.....

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

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	2	327,948	-	327,948	1,389,518
Charitable activities	3	-	2,129,619	2,129,619	-
Total income		327,948	2,129,619	2,457,567	1,389,518
Expenditure on:					
Raising funds	4	514,584	4,367	518,951	308,858
Charitable activities	5	494,849	2,104,692	2,599,541	339,398
Governance costs	7	66,299	42,839	109,138	8,446
Total expenditure		1,075,732	2,151,898	3,227,630	656,702
Net (expenditure)/income					
Transfers between funds	14	(747,784) (25,275)	(22,279) 25,275	(770,063) -	732,816 -
Net movement in funds		(773,059)	2,996	(770,063)	732,816
Reconciliation of funds:					
Total funds brought forward		732,816	-	732,816	-
Net movement in funds		(773,059)	2,996	(770,063)	732,816
Total funds carried forward		(40,243)	2,996	(37,247)	732,816

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

The notes on pages 16 to 30 form part of these financial statements.

MERCY TO HUMANITY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 12142286

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	9,965	2,549
		<u>9,965</u>	<u>2,549</u>
Current assets			
Debtors: amounts falling due after more than one year	11	19,900	120,000
Debtors: amounts falling due within one year	11	100,100	-
Cash at bank and in hand		33,084	601,845
		<u>153,084</u>	<u>721,845</u>
Creditors: amounts falling due within one year	12	(200,296)	8,422
Net current liabilities / assets		<u>(47,212)</u>	<u>730,267</u>
Total assets less current liabilities		<u>(37,247)</u>	<u>732,816</u>
Net liabilities / assets excluding pension asset		<u>(37,247)</u>	<u>732,816</u>
Total net assets		<u><u>(37,247)</u></u>	<u><u>732,816</u></u>
Charity funds			
Restricted funds	14	2,996	-
Unrestricted funds	14	(40,243)	732,816
Total funds		<u><u>(37,247)</u></u>	<u><u>732,816</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
(A Company Limited by Guarantee)
REGISTERED NUMBER: 12142286

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements were approved and authorised for issue by the Trustees on 31 August 2022
and signed on their behalf by:

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

The notes on pages 16 to 30 form part of these financial statements.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. Accounting policies (continued)

1.3 Expenditure (continued)

All expenditure is inclusive of irrecoverable VAT.

1.4 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.5 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

1.6 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.

1.7 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.

1.8 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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.9 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.

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 costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

2. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £
Donations	316,273	316,273
Government grants	11,675	11,675
Total 2021	327,948	327,948

Government grants receivable of £11,675 (2020 - £NIL) are in respect of furloughed staff during the coronavirus pandemic received under coronavirus job retention scheme.

	Unrestricted funds 2020 £	Total funds 2020 £
Donations	1,389,518	1,389,518

3. Income from charitable activities

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Orphans Growth & Development	466,500	466,500	-
Health & Wellbeing	590,296	590,296	-
Emergency	1,026,153	1,026,153	-
Islamic Education	46,670	46,670	-
Total 2021	2,129,619	2,129,619	-

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

4. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Fundraising and advertisement	443,638	-	443,638
Fundraising consultancy	68,150	2,000	70,150
Fundraising platform fee	2,796	2,367	5,163
Total 2021	514,584	4,367	518,951
		<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Fundraising and advertisement		270,408	270,408
Fundraising platform fee		38,450	38,450
Total 2020		308,858	308,858

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

5. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Unrestricted	494,849	-	494,849
Orphans Growth & Development	-	476,941	476,941
Health & Wellbeing	-	579,889	579,889
Emergency	-	997,526	997,526
Islamic Education	-	50,336	50,336
Total 2021	494,849	2,104,692	2,599,541

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Unrestricted	339,398	339,398

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

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Unrestricted	1,750	493,099	494,849
Orphans Growth & Development	9,000	467,941	476,941
Health & Wellbeing	42,299	537,590	579,889
Emergency	-	997,526	997,526
Islamic Education	7,000	43,336	50,336
Total 2021	60,049	2,539,492	2,599,541

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Unrestricted	305,542	33,856	339,398

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Unrestricted 2021 £	Orphans Growth & Development 2021 £	Health & Wellbeing 2021 £	Emergency 2021 £	Total funds 2021 £
Orphans Growth & Development	-	9,000	-	-	9,000
Health & Wellbeing	-	-	42,299	-	42,299
Emergency	-	-	-	7,000	7,000
Islamic Education	1,750	-	-	-	1,750
Total 2021	1,750	9,000	42,299	7,000	60,049

	Unrestricted 2020 £	Orphans Growth & Development 2020 £	Health & Wellbeing 2020 £	Emergency 2020 £	Total funds 2020 £
Orphans Growth & Development	233,868	-	-	-	233,868
Health & Wellbeing	21,988	-	-	-	21,988
Emergency	37,395	-	-	-	37,395
Islamic Education	12,291	-	-	-	12,291
Total 2020	305,542	-	-	-	305,542

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Unrestricted 2021 £	Orphans Growth & Development 2021 £	Health & Wellbeing 2021 £	Emergency 2021 £
Staff costs	130,142	-	-	-
Travel, subsistence and motor expenses	940	(198)	-	1,938
IT consumables, softwares and subscriptions	11,360	-	-	-
Printing, postage and stationery	2,499	-	-	-
Telephone and internet	6,943	-	-	-
Legal, professional and consultancy fee	83,754	-	22,227	-
Project costs	257,461	468,139	515,363	995,588
Total 2021	493,099	467,941	537,590	997,526

	Islamic Education 2021 £	Total funds 2021 £
Staff costs	-	130,142
Travel, subsistence and motor expenses	-	2,680
IT consumables, softwares and subscriptions	-	11,360
Printing, postage and stationery	-	2,499
Telephone and internet	-	6,943
Legal, professional and consultancy fee	-	105,981
Project costs	43,336	2,279,887
Total 2021	43,336	2,539,492

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Unrestricted 2020 £</i>	<i>Orphans Growth & Development 2020 £</i>	<i>Health & Wellbeing 2020 £</i>	<i>Emergency 2020 £</i>
Travel, subsistence and motor expenses	576	-	-	-
IT consumables, softwares and subscriptions	12,125	-	-	-
Printing, postage and stationery	312	-	-	-
Legal, professional and consultancy fee	20,843	-	-	-
<i>Total 2020</i>	<u>33,856</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<i>Islamic Education 2020 £</i>	<i>Total funds 2020 £</i>
Travel, subsistence and motor expenses	-	576
IT consumables, softwares and subscriptions	-	12,125
Printing, postage and stationery	-	312
Legal, professional and consultancy fee	-	20,843
<i>Total 2020</i>	<u>-</u>	<u>33,856</u>

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Governance costs

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Accountancy fee	5,230	-	5,230
Auditor's remuneration	7,200	-	7,200
Auditor's fee - non-audit services	2,400	-	2,400
Rent and rates	19,113	1,560	20,673
Bank charges and other financial expenses	25,771	41,279	67,050
Sundry expenses	3,934	-	3,934
Depreciation	2,651	-	2,651
Total 2021	66,299	42,839	109,138

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Accountancy fee	2,400	2,400
Rent and rates	5,369	5,369
Sundry expenses	40	40
Depreciation	637	637
Total 2020	8,446	8,446

MERCY TO HUMANITY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Staff costs

	2021 £	2020 £
Wages and salaries	127,363	-
Social security costs	2,779	-
	<u>130,142</u>	<u>-</u>

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

	2021 No.	2020 No.
Staff	<u>7</u>	<u>-</u>

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 (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

MERCY TO HUMANITY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 September 2020	710	2,476	3,186
Additions	400	9,667	10,067
At 31 August 2021	<u>1,110</u>	<u>12,143</u>	<u>13,253</u>
Depreciation			
At 1 September 2020	142	495	637
Charge for the year	222	2,429	2,651
At 31 August 2021	<u>364</u>	<u>2,924</u>	<u>3,288</u>
Net book value			
At 31 August 2021	<u>746</u>	<u>9,219</u>	<u>9,965</u>
At 31 August 2020	<u>568</u>	<u>1,981</u>	<u>2,549</u>

11. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	<u>19,900</u>	<u>120,000</u>
Due within one year		
Other debtors	<u>100,100</u>	<u>-</u>

Included in debtors is the interest free loan of £120,000 provided to, The Lighthouse Initiative (charity number 1193251), a registered charity under charities commission. In exchange for interest, The Lighthouse Initiative has agreed to project Mercy To Humanity work amongst potential donors by way of providing its platform for the purpose of fundraising. There was no repayment received towards the loan during the year (2020 - £NIL).

MERCY TO HUMANITY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	48	(10,822)
Other taxation and social security	22,801	-
Other creditors	165,447	-
Accruals and deferred income	12,000	2,400
	<u>200,296</u>	<u>(8,422)</u>

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
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

14. Statement of funds

Statement of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2021 £
Unrestricted funds					
General Funds	732,816	327,948	(1,075,732)	(25,275)	(40,243)
Restricted funds					
Orphans Growth & Development	-	466,500	(490,322)	23,822	-
Health & Wellbeing	-	590,296	(591,749)	1,453	-
Emergency	-	1,026,153	(1,025,095)	-	1,058
Islamic Education	-	46,670	(44,732)	-	1,938
	-	2,129,619	(2,151,898)	25,275	2,996
Total of funds	732,816	2,457,567	(3,227,630)	-	(37,247)

Statement of funds - prior year

		Income £	Expenditure £	Balance at 31 August 2020 £
Unrestricted funds				
General Funds		1,389,518	(656,702)	732,816