

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

TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2020
FOR
DROP OF COMPASSION
(A COMPANY LIMITED BY GUARANTEE)

Watergates Ltd
109 Coleman Road
Leicester
LE5 4LE

DROP OF COMPASSION
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2020

	Page
Reference and Administrative Details	1
Trustees' Report	2 to 9
Independent Examiner's Report	10
Statement of Financial Activities	11
Statement of Financial Position	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15 to 25

DROP OF COMPASSION
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 28TH FEBRUARY 2020

TRUSTEES	Mr I H Chhatbar Mr S Chopdat Mr O M Ismail Mr S M Lambat Mr H Y Lambat Mr I Y Patel Mr M Y Patel
REGISTERED OFFICE	9 Exton Road Leicester LE5 4AF
REGISTERED COMPANY NUMBER	08393664 (England and Wales)
REGISTERED CHARITY NUMBER	1151443
INDEPENDENT EXAMINER	Watergates Ltd 109 Coleman Road Leicester LE5 4LE

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 28th February 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

To relieve financial hardship, distress and suffering among poor people, victims of natural and man-made disasters and other people in need, by means of, but not exclusively, making grants or loans for providing or paying for items, equipment, services and facilities, including the establishment of irrigation systems, water wells, and water sanitation systems for the benefit of the said persons.

To promote sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of resources, and the promotion of sustainable means of achieving economic growth and regeneration, such that sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

To advance education for the benefit of the poor, the underprivileged and the general public by means of, but not exclusively, the provision or the assistance in the provision of educational activities and facilities, such as schools, libraries and training centres, and the provision of vocational training and adult learning programmes.

To relieve sickness and to preserve good health among the poor and people in need by means of, but not exclusively, the provision or assistance in the provision of services, facilities, equipment, clinics, medicines or grants for medical diagnosis and treatment, and provision of health education.

To advance islam for public benefit by means thought fit by the trustees from time to time.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

OBJECTIVES AND ACTIVITIES

Significant activities

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

Malawi Projects

Somba Health Clinic

Continued funding of the Health clinic in Somba, Malawi. The clinic supports approximately 3,000 patients per month. The funding covers staff and medication to treat patients for a wide range of health issues. There is also the maternity wing which operates 24 hours a day for approximately 120 patients every month,

Health services also include:

- Dispensary: Fully stocked with necessary medication required for common illnesses like Malaria, Typhoid, Tuberculosis, Bilharzia and HIV treatment.
- HIV Testing and Counseling- Advisors equip individuals and couples with information on prevention and healthy lifestyles.
- Recognition from the Ministry of Health who carry out their own under-5 clinics. This service is to monitor children and provide them with important vaccines and immunisations.
- Together with the Ministry of Health, the clinics carry out vaccination programs such as DPT 1/2/3, Polio 0/1/2/3, Measles vaccine, TTV, Anti meningitis vaccines as well as administration of Vitamin A.
- Availability of important medicines to treat local conditions.
- The preferred clinic for the under-privileged.
- Provide a nutritional program to help malnourished children
- Supplementary Feeding Program: A project that aims to prevent individuals with malnutrition disorder developing severe acute malnutrition.

Somba Maternity Clinic

Initiated this year, our maternity clinic, also based in Somba provides services including: Antenatal, Labour and Post Natal. An average of 121 patients per month, and still growing, access the services offered. We are currently funding staff, medication, and the general upkeep / maintenance of the clinic and services.

Borehole drilling

We funded 5 boreholes in Malawi which would benefit approximately 10,000 people with access to clean water (2 in Mangochi, 1 in Ntchue, 1 in Ntaje, and Blantyre district respectively).

Waterwheels

We distributed 670 waterwheels to families in various areas to enable them to transport water back to their villages safely.

Water irrigation schemes

We initiated two water irrigation schemes in the villages of Kumba Nyenyezi & Nangalamu. Combined, they will benefit over 350 families with a clean water source for irrigation farming, bathing and drinking.

School feeding

We continue to fund a school feeding programme for 450 students that encourages young children to attend school by which they would receive a meal at the end of the school day.

Sponsor a leader programme

We sponsored ten young individuals for their further education costs.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

OBJECTIVES AND ACTIVITIES

Malawi Flood Emergency Packs

We distributed 1000 emergency packs during the devastating floods that affected Malawi following the Mozambique cyclone.

Mikundi School Block

For a primary school currently teaching over 400 students, we constructed one school block as many were being taught under trees.

Mikundi Honey Farming

In Mikundi area, with the support and commitment of the village, we have been able to successfully facilitate for the community to start honey farming. They were trained in bee keeping, farming and harvesting honey. They have been fruitful with this initiative and have produced large quantities to sell as a means of income generation.

Mikundi Goat pass on project

With our focus on developing Mikundi as a community hub, similar to Somba, we provided 35 goats and 2 studs.

MASIYAP food Packs (Mai Ayeshas Sisters Youth Aids Programme)

An initiative that supports women who have been affected by HIV/AIDS directly or indirectly. An empowerment program that gives women a voice, advice, guidance and an opportunity to make an income thru micro finance projects. We supported 100 women through the provision of food packs that would support them and their families for a minimum 2 months.

Building Educational and Community Centres

Mikundi and Zomba Community centres provides men, women and children an opportunity to educate, learn and train in personal, social and religious development. The two centres respectively hold approximately 200 people at a time and they both have wash facilities.

Bangladesh (Rohingya refugees)

A year on from the Rohingya seeking refuge in the Bangladesh Cox's Bazaar refugee camps, we have been able to achieve:

Hand pumps

7 hand pumps were installed in poverty areas to provide easy access to clean water.

Hot Food Feeding

51 days of hot food feeding over 98,000 children and vulnerable adults.

Food Packs

545 food packs with essentials including rice, oil, salt, lentils.

Hygiene Packs

400 hygiene packs with essentials including sanitary pads, soap bars, toothbrushes.

Winter Packs

200 winter packs with warm clothing, blankets, torch hats and gloves.

Children Gift Packs

150 Gift packs for school children, with exercise books, colours, stationery sets, pencils rucksack and some sweets.

Solar Tube Wells

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

OBJECTIVES AND ACTIVITIES

We developed a pipeline spanning 1km that provided over 1000 families access to water. The solar powered deep tube well filtered the water and provided the education centre with washing and ablution facilities with added benefit of providing light and power for a microphone and speakers.

Tara Water wells

We Drilled 14 Hand pumps in and around the camps.

Kutupalang Anti Natal Clinic

We funded 1 month of Anti natal clinic services for over 1000 women.

Charcoal Distribution

We distributed 900 bags of charcoal to be used for keeping warm and fuel for cooking.

Homes

In addition to providing the immediate needs of the refugees we also supported their medium to longer term needs by: Building 488 homes with strong bamboo material to house families in waterproof private spaces.

West Bengal (India)

We supported the education and development of 340 orphan girls in the West Bengal region of Ganga Sagar. Providing meals, health care, secular and religious education.

The upkeep of the facilities and staffing was also covered by our funding.

Yemen

With the crisis in Yemen impacting masses of people, many of which are women and children, we stepped in to support in a number of areas including:

Emergency food packs

We funded 150 packs that contained raw essentials to support a family of 6 for a month.

Water Trucks

We provided over 150,000 litres of water through trucks visiting different locations to get water to those who needed it most.

Bogop Camp (CAR)

There are 14,000 refugees in the Borgop camp in a very small, over crowded area and cut-off from everywhere else.

We provided 300 packs in the camps which consisted of 10kg of rice.

Zakat and Sadaqah

Zakat is one of the 5 pillars of the Islamic faith. It is annual donation which is considered mandatory in the Islamic faith. Muslims should donate 2.5% of their monies, gold, silver and business sellable stock.

Sadaqah refers to any optional charity. Muslims are encouraged to spend on the poor and needy and assist them in improving their quality of lives. This could include providing food, clean water, healthcare and building infrastructure.

Public benefit

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

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

OBJECTIVES AND ACTIVITIES

Volunteers

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

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

STRATEGIC REPORT

Achievement and performance

Malawi

Drop of Compassion have continued to support projects in Malawi with the focus being on empowering communities through the implementation of long term sustainable solutions.

The new water irrigation projects have been introduced in new areas thus allowing other communities to benefit with water accessibility. Our systems are principally designed to be used for farming to provide sustenance. In normal circumstances they would have to depend on constant supply of rain during the few weeks of the rainy season. However, with global warming, rain fed irrigation has become unpredictable and causing communities to face food shortages, drought and famine. Our projects have ensured a steady supply of water throughout the year and even enabled farming communities to have multiple crop harvests in the year. The wider benefit allows them to sell the surplus produce, employ seasonal labour, better balanced diets and financial independence. It also allows children to go to school and get an education.

Following the successful impact of the water wheel distribution, further communities were supported allowing them to collect more water from clean water sources without having the burden of carrying them or dropping them. This has been highly popular during project monitoring and we aim to roll out more waterwheels this forthcoming year.

Drop of Compassion have also continued to support the (Somba Hub) by the inception of the maternity wing which is housed adjacent to the Medical clinic. The health clinic was already popular in terms of treatment for deadly diseases such as Malaria, typhoid, Bilharzia and HIV AIDS and providing FREE services to all those who want to access services plus free prescription. The maternity wing has slowly become a key feature at the Hub, with women able to give birth in a safe clean area with pre natal and post natal care also being provided by trained and qualified staff. Those patients requiring referrals for acute conditions will be supported and taken to the nearest district referral hospital.

The school feeding project ensures children attend school and have a healthy daily meal.

Bee keeping and the goat projects have also empowered communities to become financially independent.

Drop of Compassion have also continued to support high achieving students with education scholarships to go to University to enable them to empower themselves and their families through achieving a profession.

Through the development of the Somba hub we currently have donors who have visited the site and taken the initiative by wanted to develop further areas and provide sustainable solutions for other villages. Mikundi is the second hub being developed where we found students travelling 15km to the nearest school. Their new school is now minutes away, allowing them to travel safely and also be provided with a healthy meal for breakfast and lunch.

The Community Centre has been built in Mikundi, for adult classes, and personal development where we have seen a growth in participation by women in the community who have taken key strides to make things happen in the village.

Honey Farming and Goat pass on projects have both been a success here, the farmers have been able to sell on surplus honey to other villages and make an income or swap honey for other produce. We have successfully seen that the number of goats in the area increase to over 100 within one year. The community have also used some of the goats as meat for food, fertilizer for the irrigation schemes that were developed last year.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

Rohingya

Drop of Compassion's support to the Rohingya refugees that fled the war in Myanmar into Bangladesh has continued. As a result of our appeals, we have provided essential relief in many forms including: a daily food kitchen, survival kits, food packs, winter kits, shelter packs, charcoal, hand pump, Tara wells, solar powered deep well, hygiene kits, homes, toilet/showers and supported a medical and eye clinic in the refugee camps. Due to the nature of the circumstances, the refugees have had to leave all their belongings behind and have become dependent on essential support. Due to the political situation, it is difficult to forecast a long term strategy so the support given has been mainly for essential items but we have also provided monsoon resistant housing to ensure the refugees have an abode that is suitable. The water wells have also helped refugees to have access to clean water for their daily needs.

West Bengal

Drop of Compassion identified a need to support 340 orphan/children girls whose family couldn't provide for them. We took on the responsibility of the upkeep of these children to facilitate in their welfare, education and social development. Those children who have completed their education are then provided further training to then teach within the institute or supported in moving to further their careers or aspirations. This year we had 9 graduates. In the future we are looking to expand the building to provide better facilities for the dormitories and education facility.

Yemen

With the on going crisis in Yemen, our thinking was to support the immediate impact and provided water and food packs that would provide families relief in the short term. There is currently no long term strategy to continue to work in Yemen.

Financial review

Financial position

Overall, the charity is in a healthy position as demonstrated by our accounts for the period in concern. This is mainly due to effective cost control, which ensures our running costs are kept to an acceptable level.

During the year the charity raised £456,615 (2019: £583,381) in direct donations from the general public to carry out the programmes mentioned above. During the year £421,475 (2019: £530,582) from the restricted funds were expended for specific projects.

The charity continues to work closely with a number of partner organisations in providing aid to the needy and, most of the above expenditure was spent with these partner organisations.

A small amount raised with no restrictions in addition to the income tax recoverable from Gift Aid, continue to provide the charity with sufficient funds to carry out its charitable objectives as well as the administration of the charity.

Reserves policy

We aim to utilise the funds within a year of receiving them. Reserves are held for long term projects and for responding to emergencies and disasters.

The unrestricted funds the charity holds is to ensure that it has sufficient reserves to cover the costs of managing and administering the charity for the following year. At the end of each financial year the Trustees critically appraise this level and transfer any excess to where it is most needed in terms of aid.

The Trustees consider it prudent that the reserves should be sufficient for the charity's use. The Trustees have approved that all unrestricted reserves will be utilised in helping the charity achieve its objectives.

Going concern

Currently no concerns about the charity continuing as a going concern.

DROP OF COMPASSION
TRUSTEES' REPORT
FOR THE YEAR ENDED 28TH FEBRUARY 2020

STRATEGIC REPORT

Principal risks and uncertainties

The principal financial risks and uncertainties that the charity can face is reduction in donations from key donors as this is the significant portion of the charity's funding. The charity has raised awareness of its activities and sends out advertising material of the work it does in order to attract more donations. This has been successful as the amount of donations have remained consistent.

Future plans

The charity is looking at the options in which it can increase donations from various individuals

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The organisation is a charitable company limited by guarantee, incorporated on 7 February 2013. The company was established under a Memorandum of Association which the objects and powers of the charitable company and its governed under its Articles of Association.

Charity constitution

Private Limited Company by guarantee.

Recruitment and appointment of new trustees

All trustees are involved in any selection process that takes place and a vote amongst the trustees is conducted to appoint any positions within the organisation.

Organisational structure

The board of Trustees of the charity are responsible for the charity's strategic direction. The board of Trustees meet on a termly basis to discuss the activities of the charity.

The board of trustees are supported through the aid of volunteers who manage the daily running of the charity.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19th November 2020 and signed on the board's behalf by:

Mr M Y Patel - Trustee

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

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

I report to the charity trustees on my examination of the accounts of the Company for the year ended 28th February 2020.

Responsibilities and basis of report

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

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

Independent examiner's statement

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

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

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

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

Nazir Malida
FCCA
Watergates Ltd
109 Coleman Road
Leicester
LE5 4LE

Date:

DROP OF COMPASSION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

		Unrestricted fund £	Restricted funds £	28/2/20 Total funds £	28/2/19 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	88,612	456,615	545,227	617,002
EXPENDITURE ON					
Raising funds	3	7,821	-	7,821	4,436
Charitable activities	4				
Donations		5,145	421,475	426,620	546,628
Total		12,966	421,475	434,441	551,064
NET INCOME		75,646	35,140	110,786	65,938
Transfers between funds	13	(230,059)	230,059	-	-
Net movement in funds		(154,413)	265,199	110,786	65,938
RECONCILIATION OF FUNDS					
Total funds brought forward		246,245	-	246,245	180,307
TOTAL FUNDS CARRIED FORWARD		91,832	265,199	357,031	246,245

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF FINANCIAL POSITION
28TH FEBRUARY 2020

	Notes	Unrestricted fund £	Restricted funds £	28/2/20 Total funds £	28/2/19 Total funds £
CURRENT ASSETS					
Debtors	10	83,842	-	83,842	-
Cash at bank		9,990	274,555	284,545	250,273
		<u>93,832</u>	<u>274,555</u>	<u>368,387</u>	<u>250,273</u>
CREDITORS					
Amounts falling due within one year	11	(2,000)	(9,356)	(11,356)	(4,028)
		<u>91,832</u>	<u>265,199</u>	<u>357,031</u>	<u>246,245</u>
NET CURRENT ASSETS					
		<u>91,832</u>	<u>265,199</u>	<u>357,031</u>	<u>246,245</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>91,832</u>	<u>265,199</u>	<u>357,031</u>	<u>246,245</u>
NET ASSETS					
		<u>91,832</u>	<u>265,199</u>	<u>357,031</u>	<u>246,245</u>
FUNDS	13				
Unrestricted funds				91,832	246,245
Restricted funds				265,199	-
TOTAL FUNDS				<u>357,031</u>	<u>246,245</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28th February 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 28th February 2020 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

The financial statements were approved by the Board of Trustees and authorised for issue on 19th November 2020 and were signed on its behalf by:

Mr M Y Patel - Trustee

The notes on page 0 form part of these financial statements

DROP OF COMPASSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2020

	Notes	28/2/20 £	28/2/19 £
Cash flows from operating activities			
Cash generated from operations	1	24,916	67,166
Net cash provided by operating activities		24,916	67,166
 Change in cash and cash equivalents in the reporting period		 24,916	 67,166
Cash and cash equivalents at the beginning of the reporting period	2	250,273	183,107
 Cash and cash equivalents at the end of the reporting period	 2	 275,189	 250,273

The notes on page 0 form part of these financial statements

DROP OF COMPASSION

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28TH FEBRUARY 2020

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

	28/2/20 £	28/2/19 £
Net income for the reporting period (as per the Statement of Financial Activities)	110,786	65,938
Adjustments for:		
Increase in debtors	(83,842)	-
(Decrease)/increase in creditors	(2,028)	1,228
Net cash provided by operations	24,916	67,166

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	28/2/20 £	28/2/19 £
Notice deposits (less than 3 months)	284,545	250,273
Overdrafts included in bank loans and overdrafts falling due within one year	(9,356)	-
Total cash and cash equivalents	275,189	250,273

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.3.19 £	Cash flow £	At 28.2.20 £
Net cash			
Cash at bank	250,273	34,272	284,545
Bank overdrafts	-	(9,356)	(9,356)
	250,273	24,916	275,189
Total	250,273	24,916	275,189

The notes on page 0 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2020

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Charity meets the definition of a public entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The functional currency of the charity is considered to be pounds sterling because that is the currency of the primary economic environment in which the Charity operates. The financial statements are also presented in pounds sterling. The amounts in the financial statements are presented to the nearest £1, unless otherwise stated.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies. There are no significant areas requiring material judgements, estimates or assumptions.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies: This comprises all incoming resources from donations collected directly or by volunteers and income from fundraising events during the year. Gift Aid tax recoverable under the Gift Aid Scheme is recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Where a claim for repayment of income tax has been or will be made, such income is included in the debtors' amount if still not received by the year end.

The value of services provided by volunteers is difficult to put a monetary value on and therefore has not been included in accordance with the Charities SORP (FRS102).

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure is classified under the following activity headings:

Charitable activities: Costs associated with the provision of emergency relief, development and longer term rehabilitation programmes as elaborated on in the Trustees' Report. These include both direct charitable expenditure, grants payable and support costs relating to these activities. Grants payable to other organisations for relief projects are included in the SOFA when approved by the trustees and agreed with the other organisation.

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 28TH FEBRUARY 2020

1. ACCOUNTING POLICIES - continued

EXPENDITURE

Support costs: Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs for a single activity are allocated to the particular activity where the cost relates directly to that activity. However, Support costs that represent the support functions of management, finance, human resources, IT and support departments attributable to the management of the Charity's assets, are allocated in proportion to the type of charitable activity during the period.

Governance costs: These are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance support costs are allocated on the basis of support activities provided on clearly interpreted governance matters.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds that are country specific but classed as 'Most Needy' are restricted to the extent that they can be used for any other restricted fund or project, as long as it relates to the same country.

Restricted funds that are classed as 'Most Needy - Zakaah' or 'Most Needy - Sadaqah' are restricted to the extent that they can be used for any other restricted fund, project or country, as long as it meets the eligibility criteria of Zakaah and Sadaqah, as defined under objectives and activities within the Trustees report.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. DONATIONS AND LEGACIES

	28/2/20 £	28/2/19 £
Donations	461,385	583,381
Gift aid	83,842	33,621
	<u>545,227</u>	<u>617,002</u>

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

3. RAISING FUNDS

RAISING DONATIONS AND LEGACIES

	28/2/20	28/2/19
	£	£
Advertising and PR	7,821	4,436

4. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (see note 6) £	Support costs (see note 7) £	Totals £
Donations	421,475	5,145	426,620

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	28/2/20	28/2/19
	£	£
Travel and subsistence	-	13,469

6. GRANTS PAYABLE

	28/2/20	28/2/19
	£	£
Donations	421,475	530,582

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

	28/2/20	28/2/19
	£	£
Various relief and support programmes	371,475	-

7. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Donations	2,111	1,034	2,000	5,145

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 28TH FEBRUARY 2020

7. SUPPORT COSTS - continued

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

	28/2/20	28/2/19
	Donations	Total activities
	£	£
Telephone	368	72
Postage and stationery	-	416
Sundries	336	404
Software	1,407	557
Bank charges	1,034	128
Accountancy and legal fees	2,000	1,000
	<u>5,145</u>	<u>2,577</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28th February 2020 nor for the year ended 28th February 2019.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 28th February 2020 nor for the year ended 28th February 2019.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted funds	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	617,002	-	617,002
EXPENDITURE ON			
Raising funds	4,436	-	4,436
Charitable activities			
Donations	546,628	-	546,628
Total	<u>551,064</u>	<u>-</u>	<u>551,064</u>
NET INCOME	<u>65,938</u>	<u>-</u>	<u>65,938</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	180,307	-	180,307
TOTAL FUNDS CARRIED FORWARD	<u>246,245</u>	<u>-</u>	<u>246,245</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/20	28/2/19
	£	£
Prepayments and accrued income	83,842	-
	<u> </u>	<u> </u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28/2/20	28/2/19
	£	£
Bank loans and overdrafts (see note 12)	9,356	-
Trade creditors	-	3,028
Accruals and deferred income	2,000	1,000
	<u> </u>	<u> </u>
	11,356	4,028
	<u> </u>	<u> </u>

12. LOANS

An analysis of the maturity of loans is given below:

	28/2/20	28/2/19
	£	£
Amounts falling due within one year on demand:		
Bank overdrafts	9,356	-
	<u> </u>	<u> </u>

DROP OF COMPASSION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020

13. MOVEMENT IN FUNDS

	At 1.3.19 £	Net movement in funds £	Transfers between funds £	At 28.2.20 £
Unrestricted funds				
General fund	246,245	75,646	(230,059)	91,832
Restricted funds				
Malawi - Borehole	-	(1,459)	495	(964)
Malawi - Build a Home	-	2,949	-	2,949
Malawi - Build a Masjid	-	(5,521)	949	(4,572)
Malawi - Honey Farming	-	200	-	200
Malawi Floods	-	120	-	120
Malawi - Maternity	-	(5,852)	5,852	-
Malawi - Classroom Block Malawi	-	-	211	211
Malawi - Nursery Malawi	-	(1,320)	-	(1,320)
Malawi - Health Clinic	-	83	475	558
Malawi - Goat Project	-	75	-	75
Malawi - Water Irrigation	-	(329)	645	316
Malawi - Water Wheel	-	25,694	-	25,694
Malawi - Planting Fruit Trees	-	302	-	302
Rohingya Homes	-	15,793	(14,937)	856
Rohingya Masjid	-	-	(2,500)	(2,500)
Rohingya hot food/Iftar	-	1,402	13,828	15,230
Rohingya - Most Needy	-	(7,846)	71,893	64,047
Rohingya - Tara Wells	-	660	-	660
West Bengal Extension	-	(7,708)	7,708	-
West Bengal - Girls Education Centre	-	(3,026)	6,435	3,409
West Bengal Orphanage	-	3,530	27,592	31,122
Yemen - Most Needy	-	609	-	609
Yemen Bread Factory	-	3,216	-	3,216
Fidya/Kaffarah	-	105	-	105
Most Needy - Sadaqah	-	(13,570)	17,081	3,511
Most Needy - Zakah	-	27,033	94,332	121,365
	-	35,140	230,059	265,199
TOTAL FUNDS	246,245	110,786	-	357,031

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

13. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	88,612	(12,966)	75,646
Restricted funds			
Malawi - Borehole	13,664	(15,123)	(1,459)
Malawi - Build a Home	2,949	-	2,949
Malawi - Build a Masjid	34,479	(40,000)	(5,521)
Malawi - Honey Farming	200	-	200
Malawi Floods	13,014	(12,894)	120
Malawi Iftar	13,850	(13,850)	-
Malawi - MASIYAP FOOD DISTRIBUTION	1,200	(1,200)	-
Malawi - Mikundi iftaar hampers	5,000	(5,000)	-
Malawi - Mikundi school teachers feeding	300	(300)	-
Malawi - Mikundi school teachers	700	(700)	-
Malawi - Mikundi children feeding	5,000	(5,000)	-
Malawi - Maternity	5,596	(11,448)	(5,852)
Malawi - Classroom Block Malawi	1,800	(1,800)	-
Malawi - Educate a Leader	2,075	(2,075)	-
Malawi - Nursery Malawi	680	(2,000)	(1,320)
Malawi - Health Clinic	23,435	(23,352)	83
Malawi - Goat Project	945	(870)	75
Malawi - Water Irrigation	11,829	(12,158)	(329)
Malawi - Water Wheel	25,694	-	25,694
Malawi - Planting Fruit Trees	302	-	302
Malawi - School Feeding programme	2,968	(2,968)	-
Malawi - Most Needy Malawi - Sadaqah	291	(291)	-
Malawi - Most Needy Malawi - Zakah	5,220	(5,220)	-
Rohingya Homes	83,495	(67,702)	15,793
Rohingya hot food/Iftar	32,902	(31,500)	1,402
Rohingya - Most Needy	17,502	(25,348)	(7,846)
Rohingya - Tara Wells	660	-	660
West Bengal Extension	-	(7,708)	(7,708)
West Bengal - Girls Education Centre	4,266	(7,292)	(3,026)
West Bengal Orphanage	38,530	(35,000)	3,530
Yemen - Most Needy	8,388	(7,779)	609
Yemen Bread Factory	12,438	(9,222)	3,216
Sadaqatul Fitr	2,000	(2,000)	-
Fidya/Kaffarah	355	(250)	105
Most Needy - Sadaqah	17,168	(30,738)	(13,570)
Most Needy - Zakah	67,720	(40,687)	27,033
	<u>456,615</u>	<u>(421,475)</u>	<u>35,140</u>
TOTAL FUNDS	<u><u>545,227</u></u>	<u><u>(434,441)</u></u>	<u><u>110,786</u></u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.3.18 £	Net movement in funds £	At 28.2.19 £
Unrestricted funds			
General fund	180,307	65,938	246,245
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>180,307</u>	<u>65,938</u>	<u>246,245</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	617,002	(551,064)	65,938
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>617,002</u>	<u>(551,064)</u>	<u>65,938</u>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

13. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.3.18 £	Net movement in funds £	Transfers between funds £	At 28.2.20 £
Unrestricted funds				
General fund	180,307	141,584	(230,059)	91,832
Restricted funds				
Malawi - Borehole	-	(1,459)	495	(964)
Malawi - Build a Home	-	2,949	-	2,949
Malawi - Build a Masjid	-	(5,521)	949	(4,572)
Malawi - Honey Farming	-	200	-	200
Malawi Floods	-	120	-	120
Malawi - Maternity	-	(5,852)	5,852	-
Malawi - Classroom Block Malawi	-	-	211	211
Malawi - Nursery Malawi	-	(1,320)	-	(1,320)
Malawi - Health Clinic	-	83	475	558
Malawi - Goat Project	-	75	-	75
Malawi - Water Irrigation	-	(329)	645	316
Malawi - Water Wheel	-	25,694	-	25,694
Malawi - Planting Fruit Trees	-	302	-	302
Rohingya Homes	-	15,793	(14,937)	856
Rohingya Masjid	-	-	(2,500)	(2,500)
Rohingya hot food/Iftar	-	1,402	13,828	15,230
Rohingya - Most Needy	-	(7,846)	71,893	64,047
Rohingya - Tara Wells	-	660	-	660
West Bengal Extension	-	(7,708)	7,708	-
West Bengal - Girls Education Centre	-	(3,026)	6,435	3,409
West Bengal Orphanage	-	3,530	27,592	31,122
Yemen - Most Needy	-	609	-	609
Yemen Bread Factory	-	3,216	-	3,216
Fidya/Kaffarah	-	105	-	105
Most Needy - Sadaqah	-	(13,570)	17,081	3,511
Most Needy - Zakah	-	27,033	94,332	121,365
	<hr/>	<hr/>	<hr/>	<hr/>
	-	35,140	230,059	265,199
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	180,307	176,724	-	357,031
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DROP OF COMPASSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020**

13. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	705,614	(564,030)	141,584
Restricted funds			
Malawi - Borehole	13,664	(15,123)	(1,459)
Malawi - Build a Home	2,949	-	2,949
Malawi - Build a Masjid	34,479	(40,000)	(5,521)
Malawi - Honey Farming	200	-	200
Malawi Floods	13,014	(12,894)	120
Malawi Iftar	13,850	(13,850)	-
Malawi - MASIYAP FOOD DISTRIBUTION	1,200	(1,200)	-
Malawi - Mikundi iftaar hampers	5,000	(5,000)	-
Malawi - Mikundi school teachers feeding	300	(300)	-
Malawi - Mikundi school teachers	700	(700)	-
Malawi - Mikundi children feeding	5,000	(5,000)	-
Malawi - Maternity	5,596	(11,448)	(5,852)
Malawi - Classroom Block Malawi	1,800	(1,800)	-
Malawi - Educate a Leader	2,075	(2,075)	-
Malawi - Nursery Malawi	680	(2,000)	(1,320)
Malawi - Health Clinic	23,435	(23,352)	83
Malawi - Goat Project	945	(870)	75
Malawi - Water Irrigation	11,829	(12,158)	(329)
Malawi - Water Wheel	25,694	-	25,694
Malawi - Planting Fruit Trees	302	-	302
Malawi - School Feeding programme	2,968	(2,968)	-
Malawi - Most Needy Malawi - Sadaqah	291	(291)	-
Malawi - Most Needy Malawi - Zakah	5,220	(5,220)	-
Rohingya Homes	83,495	(67,702)	15,793
Rohingya hot food/Iftar	32,902	(31,500)	1,402
Rohingya - Most Needy	17,502	(25,348)	(7,846)
Rohingya - Tara Wells	660	-	660
West Bengal Extension	-	(7,708)	(7,708)
West Bengal - Girls Education Centre	4,266	(7,292)	(3,026)
West Bengal Orphanage	38,530	(35,000)	3,530
Yemen - Most Needy	8,388	(7,779)	609
Yemen Bread Factory	12,438	(9,222)	3,216
Sadaqatul Fitr	2,000	(2,000)	-
Fidya/Kaffarah	355	(250)	105
Most Needy - Sadaqah	17,168	(30,738)	(13,570)
Most Needy - Zakah	67,720	(40,687)	27,033
	<u>456,615</u>	<u>(421,475)</u>	<u>35,140</u>
TOTAL FUNDS	<u>1,162,229</u>	<u>(985,505)</u>	<u>176,724</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2020

14. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 28th February 2020.

15. RESTRICTED FUNDS

Negative restricted funds totalling £9,356 have been carried forward on the grounds restricted income was anticipated and received after the year end. The temporary borrowing is from an unrestricted fund which has sufficient funds to cover the negative balance and has no restrictions against this.