

Al Arqam

Trustees' report and unaudited financial statements
Charity Number 1133157
for the year ended 30 April 2020

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Legal and administrative

Charity number	1133157
Trustees	Kaiser Malik (Chairman) Monirual Asad Huda Saqib Afghan Usman Shafi Abdul Ghafoor Tallat Mehmood
Registered office	10 Memorial Road Luton Bedfordshire LU3 2QU
Accountants	IAB Accountants Limited Chartered Certified Accountants 200 Selbourne Road Luton Bedfordshire LU4 8LT
Principal bankers	Lloyds TSB 60 George Street Luton Bedfordshire LU1 2AP

Trustees' report

For the year ended 30 April 2020

The Trustees present their annual report together with the financial statements for the year ended 30 April 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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

The objectives of the charity set out in the charity's trust deed and are to promote the benefit of the community in and around Luton or such other places, as are determined from time to time, as the Executive Committee sees fit but not exclusively by:

- Relieving those in financial need, hardship or distress;
- Advancing education in particular through training and providing educational programmes;
- Establishing and maintaining a youth and community centre; and
- Providing or assisting in the provision of facilities in the interests of social welfare for recreation or the leisure time occupation of individuals who have need of such facilities by reason of their youth, age infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

Our trustees periodically review our objectives and activities to ensure they continue to reflect our aims. In carrying out this review the trustees have considered the Charity Commissions general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit.

Structure, governance and management

Trustees and officers

The Trustees, who served throughout the year except where indicated, were as follows:

Qaiser Malik (Chairman)
Monirul Asad Huda
Saqib Afghan
Usman Shafi
Abdul Ghafoor
Tallat Mehmood

Constitution

Al Arqam is a charity which is an unincorporated association regulated by constitution. The charity registered number is 1133157.

Organisational structure

The charity trustees are responsible for general control and management of the charity.

The trustees meet as a body quarterly and are responsible for all decisions taken in relation to running Al Arqam and the community services provided by the charity. To assist in the smooth running of the charity, the trustees have set up a number of sub-committees to help them oversee certain aspects of the charity's work. The sub-committee reports their recommendations to the full meeting of the trustees. The day-to-day management of Al Arqam is delegated to the staff members.

Trustees' report *(continued)*

Recruitment and appointment of trustees

The existing trustees are responsible for the recruitment of new trustees but in doing so the trustees seek the views and recommendations of community leaders. The trustees believe this approach ensures that new trustees are respected members of the local community and ensure that good relations are fostered between Al Arqam and the people of the local community that we serve.

In selecting new trustees, we seek to identify people who regularly attend events and functions organised by the charity and are willing to volunteer to help in our broader community work. Potential trustees are invited to attend trustees' meetings as observers and are given more details of the charity's aims and activities and, if all agree, they are then proposed as new trustees at the subsequent trustees' meeting. This process allows due consideration of the persons' eligibility, personal competence, specialist knowledge and skills.

Induction and training of trustees

Following the appointment new trustees, they are introduced to their new role and given copies of the trust deed and a guide to the policies and procedures adopted by the charity. A number of publications from the charity commission are also provided including the guidance on charities and public benefit and on the advancement of religion for the public benefit. This ensures that new trustees are aware of the scope of their responsibilities under the Charities Act.

Risk management

The trustees have assessed the risks the charity faces and have drawn up a risk matrix, which identifies the major risks by area of activity, the nature of those risks, the likelihood of the risks happening and the measures taken to manage them. The trustees review this risk matrix periodically and are satisfied that systems are in place, or arrangements are in hand, to manage the identified risks. In particular, insurance cover is in place and the finances of Al Arqam are kept under review. Appropriate DBS checks, supported by regularly reviewed policies, are made for all those who work with children or other vulnerable groups.

The risk management strategy for Al Arqam comprises:

- An annual review of the key risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified within the risk register;
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

COVID-19

Just before the end of the accounting year the COVID-19 pandemic spread throughout the World affecting all aspects of daily life. Although this had less effect on the results of this period the Trustees considered the impact this may have on the affairs of the charitable company, revising operational and financial plans for the year ahead accordingly.

The Trustees will seek to regularly review the impact of the pandemic on the charity and its finances. It is too early to quantify the impact of the pandemic on the next accounting period, but the Trustees have agreed regular reforecasting of the 2020/21 budget, alongside an updated income strategy which shall be monitored regularly, with the flexibility necessary to manage the charity activities through this period. The Trustees remain confident that the charity will be able to deliver significantly against our aims and objects within the resources that will be available.

Employee consultation

The charity provides an avenue for provision of information, consultation and discussion of a wide range of matters affecting staff and volunteers.

Trustees' report *(continued)*

Achievements and performance

The charity carries out a wide range of activities in pursuance of its charitable aims including:

1. Maintaining and enhancing the facilities in response to user needs.
2. The old double glazing has been replaced with the new double-glazed window in the school.
3. The charity has engaged young persons and adults during the year from a range of backgrounds and ethnicities to participate in various activities at the centre.
4. The administrative team have developed systems to manage school operations and communications effectively.
5. Delivery of weekly language classes and educational programmes.
6. Staff training on health and safety, safeguarding and user engagement continued throughout the year.

Financial review

Reserves policy

Our Reserves Policy relates to our General Funds only. No designated, restricted or endowment funds are held. We aim to hold reserves amounting to approximately six months' average expenditure. The level of reserves held at 30 April 2020 is shown on the Balance Sheet.

Principal funding sources

The charity's main source of income is through community donations and subscriptions for Al Arqam services. Given the economic conditions this is declining, and contingency plans are being drawn up for community fundraising activities to supplement this.

Public benefit statement

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in providing services.

The trustees are responsible for keeping proper accounting records that 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 Charity (Accounts & Reports) Regulations 2008. 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Qaiser Malik
Trustee & Chairman

Date: 22/02/2021

Independent examiners' report to the trustees on the unaudited financial statements to the members of Al Arqam.

I report to the Trustees on my examination of the financial statements of Al Arqam for the year ended 30 April 2020.

Responsibilities and basis of report

As the trustees of the charity, you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act')

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

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 that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements 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 financial statements 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 financial statements to be reached.



Israr Ahmed

IAB Accountants Limited
Chartered Certified Accountants
200 Selbourne Road
Luton
Bedfordshire
LU4 8LT

Date: 22/02/2021

Statement of financial activities
for the year ended 30 April 2020

	Restricted funds £	Unrestricted funds £	2020 Total £	2019 Total £
Incoming resources				
Subscriptions from students	-	201,315	201,315	184,044
Donations received	-	2,490	2,490	1,146
Total incoming resources	<u>-</u>	<u>203,805</u>	<u>203,805</u>	<u>185,190</u>
Resources expended				
Charitable activities	-	2,104	2,104	12,600
Governance expenses	-	207,635	207,635	171,836
Total resources expended	<u>-</u>	<u>209,739</u>	<u>209,739</u>	<u>184,436</u>
Net incoming/(outgoing) resources for the year	-	(5,934)	(5,934)	754
Prior year adjustments	-	-	-	-
Total funds brought forward	-	76,291	76,291	76,291
Total funds carried forward	<u>-</u>	<u>70,357</u>	<u>70,357</u>	<u>77,045</u>

All activities derive from continuing operations.

The notes on page 7 to 12 form an integral part of these financial statements.

Balance sheet
as at 30 April 2020

	<i>Note</i>	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	4		97,505		99,474
			<u>97,505</u>		<u>99,474</u>
Current assets					
Debtors	5	10,000		10,000	
Cash at bank and in hand		21,601		25,320	
		<u>31,602</u>		<u>35,320</u>	
Creditors: amounts falling due within one year	7	(358)		(112)	
Net current assets			<u>31,244</u>		<u>35,208</u>
Net assets			<u>128,749</u>		<u>134,682</u>
Accumulated funds					
Unrestricted income funds			128,749		134,682
Total funds			<u>128,749</u>		<u>134,682</u>

The financial statements were approved by the trustees on 22 February 2021 and signed on its behalf by;


Qaiser Malik
Chairman & Trustee

Notes (Forming part of the financial statements)

1. Accounting policies

Charity information

Al Arqam is a registered charity in England and Wales and is unincorporated. The registered office is 10 Memorial Road, Luton, Bedfordshire, LU3 2QU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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 charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going Concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

COVID-19

In November 2019 China had alerted the World Health Organisation of several cases of an unusual form of pneumonia in Wuhan. Substantive information about what has now been identified as Coronavirus (or COVID-19) came to light in early 2020.

In the opinion of the Trustees, despite the potential effects of the COVID-19 outbreak, it is nonetheless considered that the Going Concern basis of the preparation of the financial statements remains appropriate. Similarly, in the opinion of the Trustees, no adjustments are required to the results or carrying values of assets or liabilities declared in these financial statements, and none have been made.

1.3 Incoming resources & outgoing expenditures

All income received is included with in the statement of financial activities which can be quantified with reasonable accuracy. The income is received by way of subscriptions, donations and fundraising activities and is included in full in the statement of financial activities when received.

The expenses are recognised on a cash basis as and when incurred. These include any vat which cannot be fully recovered, and reported as part of the expenses which they relate. The charitable expenditures comprise those costs incurred by the charity in delivering those services & activities for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support such activities.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life and as follows;

Land and buildings	-	No depreciation is charged on building
Motor vehicles	-	25% reducing balance

The charity owns freehold building in partnership with the Mediterranean Estates Limited in which Al Arqam owns 40% since 2014.

Notes (Forming part of the financial statements)

1.5 Donations and subscriptions

Donations represent amounts received from general community members and volunteers and subscriptions represent amounts received from students for learning Quran and Islamic education during the year.

1.6 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

1.7 Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis inclusive of VAT.

1.8 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Notes (Forming part of the financial statements)

2- Donations and subscriptions

In and around Luton area

	2020 £	2019 £
Subscriptions from students	201,315	184,044
Donations received	2,490	1,146
	<u>203,805</u>	<u>185,190</u>

3- Staff numbers and costs

	2020	2019
Staff	<u>18</u>	<u>18</u>

The aggregate payroll costs of these persons were as follows:

	2,020 £	2,019 £
Wages and salaries	149,304	132,082
Social security costs	3,395	2,099
Other pension costs	2,288	1,196
	<u>154,987</u>	<u>135,376</u>

4- Tangible fixed assets

	Land and buildings £	Motor vehicles £	Total £
Cost or valuation			
as at 1 May 2019	91,599	14,000	105,599
Additions during the year	-	-	-
Disposal during the year	-	-	-
as at 30 April 2020	<u>91,599</u>	<u>14,000</u>	<u>105,599</u>
Depreciation			
as at 1 May 2019	-	6,125	6,125
Charge for the year	-	1,968.75	1,969
Disposal during the year	-	-	-
as at 30 April 2020	<u>-</u>	<u>8,094</u>	<u>8,094</u>
Net book values			
as at 30 April 2020	<u>91,599</u>	<u>5,906</u>	<u>97,505</u>
as at 30 April 2019	<u>91,599</u>	<u>7,875</u>	<u>99,474</u>

The charity owns freehold building in partnership with the Mediterranean Estates Limited in which Al Arqam owns 40% since 2014.

Notes (Forming part of the financial statements)

5- Debtors

	2020 £	2019 £
Related party debtors	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

6- Related party transactions

	2020 £	2019 £
Amount due from related party at the balance sheet date	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

During the year ended 30 April 2017 Al Arqam paid £10,000 loan to a 3rd party on behalf of Mediterranean Estates Limited who is the related party of the charity. Al Arqam owns 40% building purchased by Mediterranean Estates Limited in 2014.

6- Creditors

	2020 £	2019 £
Taxes and social security	358	112
	<u>358</u>	<u>112</u>

Detailed statement of financial activities
for the year ended 30 April 2020

	2,020	2,019
	£	£
Income		
Subscriptions	201,315	184,044
Donations	<u>2,490</u>	<u>1,146</u>
	<u>203,805</u>	<u>185,190</u>
Expenditures		
Wages and salaries	149,304	132,082
Employers' NI contributions	3,395	2,099
Employers pension contributions	2,288	1,196
Rent, rates and insurance	28,897	19,105
Repairs and maintenance	3,226	1,784
Motor and travel	3,446	2,737
Subsistence costs	2,077	1,875
Printing and stationery	1,634	1,212
Telephone and internet	1,249	1,288
Computer running costs	462	388
Accounting charges	1,500	1,500
Gas and electricity	2,230	3,000
Water rates	432	366
Cleaning charges	4,500	137
Bank charges	79	98
Charitable donations	2,104	12,600
Depreciation charges	1,969	2,625
Sundry expenses	946	345
Total expenses	<u>209,738</u>	<u>184,436</u>
Net income/(loss) for the period	<u><u>(5,933)</u></u>	<u><u>754</u></u>

This page does not form part of the financial statements.