

Charity registration number: 292697

Hazrat Sultan Bahu Trust

Annual Report and Financial Statements
for the Year Ended 31 March 2017

Moore Stephens LLP
Statutory Auditor
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Hazrat Sultan Bahu Trust

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Hazrat Sultan Bahu Trust

Trustees' Report

The trustees present the annual report together with the financial statements of the Charity for the year ended 31 March 2017.

Objectives and activities

Public benefit

The section of this report above entitled 'Objectives and activities' sets out the objects and aims of the charity. The Achievements and performance below discusses on how public benefit was achieved during the period.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Grant making policies

The charity makes grant to its partner charity in Pakistan to further its objectives to advance the Islamic religion in accordance with the teachings of the Holy Qur'an and the practice of the Prophet Muhammad (Peace Be Upon Him), to further the spiritual and moral mission of Hazrat Sultan Bahu (RA). The Charity funds many education projects of the partner charity.

Achievements and performance

The charity has continued to achieve its charitable purposes and meet its development targets this year. The process of upgrading systems, procedures and policies to ensure improved service delivery, openness, transparency and accountability has continued over the year and significant milestones have been reached.

The user base of the charity has continued to grow and we are pleased to have increased user numbers significantly across all of our centres.

Expansion of Network

The charity is a network of organisations and is constantly expanding and strengthening that network.

The charity has purchased a new property for Branch in Leeds, a community centre and a residential house in Birmingham and a Building in Banbury. The charity has done a major extension work at London Branch.

Hazrat Sultan Bahu Trust

Trustees' Report

Evening and Weekend Supplementary Education

The charity provides supplementary classes primarily for children between the ages of 6 and 11. The number of children attending these supplementary classes has substantially increased over the last few years and during the last year in the region of four thousand children attended classes throughout the network. Children are offered a broad based and traditional Islamic education based on the Sufi principles of enriching the spiritual state, serving humanity and peaceful co-existence with others. The charity is committed to developing users so that they can be upright Muslims and law abiding citizens that make a valuable contribution to the UK. In addition supplemental classes are offered in English and Maths to support achievement at school. Internal assessments are carried out regularly and this has aided in measuring improvement and strategizing to build on the success of the achievements.

Birmingham Qur'an Academy

The Birmingham Qur'an Academy was set up under the auspices of the charity to provide high quality tuition in the art of the recitation of the Holy Qur'an and in the Arabic Language. In less than a year the academy has grown from a fledgling operation to an Academy with over 600 students. The charity has supported the Academy in sourcing highly qualified teachers from various countries. The Academy provides tuition regardless of age, background or ability.

Dars-e-Nizami

The Dars-e-Nizami classes have been running for a number of years at all centres. A number of new students were taken on this year and they were keen to learn both classical and modern texts taught now by both English and Urdu speaking scholars to broaden the student base.

Gatherings of Hope

A weekly gathering takes place every Wednesday through guided reflections; these seminars seek to deepen our religious connections with Allah and his beloved Messenger.

Worship and Islamic Education

The charity is committed to providing facilities for regular worship and to providing opportunities for its users to develop their knowledge and practice of Islam. It is also committed to bringing to its users a mature, well developed form of British Islam appropriate to the society in which they live and work.

In addition the charity runs a programme for the training of Imams and has contributed to the establishment of a fraternity of British Muslim Imams fully conversant with theological aspects of the faith of Islam and with the cultural, socio-political and pluralistic context of Britain.

The Grand Mawlid: Celebrating the Birth of the Prophet Muhammad (Peace Be Upon Him)

The Grand Mawlid celebrates the birth of the Prophet Muhammad (Peace Be Upon Him) and is a regular feature of the annual calendar of the charity. Celebrations and events are held at all of the branches of the charity. The events offer users the opportunity to come together and join in the joyous celebrations and to reflect on the life of the Prophet Muhammad and his legacy to humankind – above all on his message of peaceful co-existence, harmony and striving for good in all aspects of life.

Each year thousands of users gather to celebrate the occasion and the last year was no exception.

Each event hosted international spiritual leaders, notable Islamic Scholars, specialist Qur'an reciters, renowned Nasheed artists and singers. Presentations and addresses were made in English, Arabic, Urdu, Punjabi, Mirpuri and Saraiki.

In addition key members of the local community, civic leaders, and councillors drawn from a variety of backgrounds are invited to attend the events. This aids the charity in promoting community cohesion and cementing links with other organisations and charities.

The Urs - Annual Celebration of the Life of Hazrat Sultan Bahu (ra)

Another series of gatherings is held each year to celebrate the life and teachings of the Sufi Saint and Poet Hazrat Sultan Bahu (ra). These celebrations take place in a number of centres. As with all spiritual gatherings, many religious and traditional ceremonies take place and food and drink are provided to all guests.

On this occasion students who have been studying the memorisation (hifz) of the Holy Qur'an have their graduation ceremony, to which they can invite family and friends. The occasion is a fitting tribute to the dedication and commitment of the young students who spend on average 4 years to accomplish such a feat.

Hazrat Sultan Bahu Trust

Trustees' Report

Financial review

During the year HSBT received total income including donations of £2.7m (2016: £2.3m). After incurring expenditure of £2.3m (2016: £2.15m) the net movement in funds is £407k (2016: £166k). This is carried forward to reserves totaling £4.86m (2016: £4.47m).

Despite a challenging economic environment and a general decline in donations to charities in the UK, HSBT continued to generate strong levels of donations from both individual donors and from its principal activities including Friday Prayers and Islamic teaching. As a result, the Trust was able to continue to commit significant expenditure to its charitable activities

Policy on reserves

At year end HSBT unrestricted reserves stood at £4.86m (2016: £4.47m). The unrestricted reserves are sufficient to cover the support costs for the next year. Restricted Reserves stand at £9k (2016: Nil).

Plans for future periods

Aims and key objectives for future periods

HSBT has ambitious plans to continue to expand its operations and presence in Muslim communities throughout the UK. The Trust is in the process of making further buildings acquisitions and enlarging some of its existing facilities, including in London, Manchester and at Head Office in Birmingham. The Trustees believe that the strength of HSBT's core fundraising, teaching and community activities will continue to generate significant ongoing income streams to support this expansion.

Going concern

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

Structure, governance and management

Nature of governing document

The charity is an unincorporated charity, formed under a deed called constitution on 8th September 1985 and amended on 14 April 2007. The charity is registered with the Charities Commission under reference number 292697 on 4th October 1985.

Recruitment and appointment of trustees

The Trustees are appointed by the Board of Trustees and serve for a period of five years after which period they may put themselves forward for re-appointment. The constitution provides for a minimum of four Trustees and a maximum of seven Trustees due for re-appointment in any one year.

Arrangements for setting key management personnel remuneration

The Trustees do not receive any remuneration, and are reimbursed for expenses relating to the charity.

Organisational structure

Branches

The charity has a number of branches including those in London, Slough, Nottingham, Blackburn, Luton, Wolverhampton, Hall Green, Leeds and Nelson. The accounts incorporate the financial results from all the branches.

Hazrat Sultan Bahu Trust

Trustees' Report

Relationships with related parties

Islamic Help

Sultan Fiaz ul Hassan and Sultan Niaz ul Hassan, trustees of HSBT are also trustees of Islamic Help, a registered charity.

Ward End Community College:

Sultan Fiaz ul Hassan and Sultan Niaz ul Hassan, trustees of HSBT are also trustees of Ward End Community College, a registered charity (No 05994505).

Major risks and management of those risks

Cash flow and lack of funds

Poor cash flow and lack of funds can hinder the ability of the Trust to deliver many of its services.

The Trust has embarked on a cost reduction programme. As part of this activity, the Trust has reduced its overheads and its costs associating to broadcastingting.

Reference and Administrative Details

Trustees

Sultan Niaz-ul-Hassan, Executive Chairman
Sultan Fiaz-ul-Hassan
Mohammad Yusuf Qamar (resigned 8 October 2016)
Latif Bhatti
Mr Muhammad Shafiq (appointed 8 October 2016)
Mr Mohammed Zain Sultan (appointed 8 October 2016)
Mr Ghulam Rasool (appointed 8 October 2016)
Mr Mohammed Amar (appointed 8 October 2016)

Principal Office

17-21 Ombersley Road
Balsall Heath
Birmingham
West Midlands
B12 8UR

Charity Registration Number

292697

Bankers

HSBC Bank plc
34 Poplar Road
Solihull
West Midlands
B91 3AF

Auditor

Moore Stephens LLP
Statutory Auditor
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Hazrat Sultan Bahu Trust

Trustees' Report

Financial instruments

Objectives and policies

The Charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

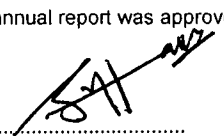
Credit risk

The Charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Charity uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

The annual report was approved by the trustees of the Charity on 15/12/17 and signed on its behalf by:


.....
Sultan Niaz-ul-Hassan
Trustee

Hazrat Sultan Bahu Trust

Statement of Trustees' Responsibilities

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

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources 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 judgements and estimates that are reasonable and prudent;
- state whether applicable 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 business.

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 Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees 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.

Hazrat Sultan Bahu Trust

Independent Auditors' Report to the Members of Hazrat Sultan Bahu Trust

We have audited the financial statements of Hazrat Sultan Bahu Trust for the year ended 31 March 2017, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)).

This report is made solely to the Charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees 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 Charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements


In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is not consistent with the financial statements; or
- the charity has not kept sufficient accounting records; 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.



Nick Simkins (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 15/12/17

Hazrat Sultan Bahu Trust

Statement of Financial Activities for the Year Ended 31 March 2017

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £
Income and Endowments from:				
Donations and legacies	2	2,205,967	120,000	2,325,967
Other trading activities	3	368,526	-	368,526
Total Income		<u>2,574,493</u>	<u>120,000</u>	<u>2,694,493</u>
Expenditure on:				
Raising funds	4.1	(137,580)	-	(137,580)
Charitable activities	5	<u>(1,919,510)</u>	<u>(230,750)</u>	<u>(2,150,260)</u>
Total Expenditure		<u>(2,057,090)</u>	<u>(230,750)</u>	<u>(2,287,840)</u>
Net income/(expenditure)		517,403	(110,750)	406,653
Gross transfers between funds		<u>(120,000)</u>	<u>120,000</u>	-
Net movement in funds		397,403	9,250	406,653
Reconciliation of funds				
Total funds brought forward		<u>4,472,592</u>	-	<u>4,472,592</u>
Total funds carried forward	19	<u>4,869,995</u>	<u>9,250</u>	<u>4,879,245</u>

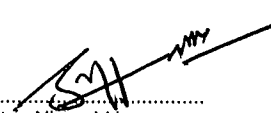
	Note	Unrestricted funds £	Restricted funds £	Total 2016 £
Income and Endowments from:				
Donations and legacies	2	1,914,365	120,000	2,034,365
Other trading activities	3	281,930	-	281,930
Total Income		<u>2,196,295</u>	<u>120,000</u>	<u>2,316,295</u>
Expenditure on:				
Raising funds	4.1	(60,000)	-	(60,000)
Charitable activities	5	<u>(1,942,422)</u>	<u>(147,435)</u>	<u>(2,089,857)</u>
Total Expenditure		<u>(2,002,422)</u>	<u>(147,435)</u>	<u>(2,149,857)</u>
Net income/(expenditure)		193,873	(27,435)	166,438
Gross transfers between funds		<u>(27,435)</u>	<u>27,435</u>	-
Net movement in funds		166,438	-	166,438
Reconciliation of funds				
Total funds brought forward		<u>4,306,153</u>	-	<u>4,306,153</u>
Total funds carried forward	19	<u>4,472,591</u>	-	<u>4,472,591</u>

All of the Charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2016 is shown in note 19.

Hazrat Sultan Bahu Trust
(Registration number: 292697)
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	8,110,258	7,357,775
Investments	14	<u>1,852,826</u>	<u>1,852,826</u>
		<u>9,963,084</u>	<u>9,210,601</u>
Current assets			
Debtors	15	502,747	245,975
Cash at bank and in hand		<u>282,672</u>	<u>173,252</u>
		785,419	419,227
Creditors: Amounts falling due within one year	16	<u>(2,313,840)</u>	<u>(1,645,340)</u>
Net current liabilities		<u>(1,528,421)</u>	<u>(1,226,113)</u>
Total assets less current liabilities		8,434,663	7,984,488
Creditors: Amounts falling due after more than one year	17	<u>(3,555,418)</u>	<u>(3,511,897)</u>
Net assets		<u>4,879,245</u>	<u>4,472,591</u>
Funds of the Charity:			
Restricted income funds		(9,250)	-
Unrestricted income funds			
Unrestricted income funds		<u>(4,869,995)</u>	<u>(4,472,591)</u>
Total funds	19	<u>(4,879,245)</u>	<u>(4,472,591)</u>

The financial statements on pages 8 to 21 were approved by the trustees, and authorised for issue on 15/4/17 and signed on their behalf by:



 Sultan Niaz-ul-Hassan
 Trustee

Hazrat Sultan Bahu Trust
Cash Flow Statement for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Reconciliation of net outflow to net cash flow from operating activities			
Net income and resources		406,653	166,438
Adjustments to cash flows from non-cash items			
Depreciation	8	228,212	188,087
Interest paid	16,17	102,269	92,059
		<u>737,134</u>	<u>446,584</u>
Working capital adjustments			
Decrease/(Increase) in debtors	15	(256,772)	148,479
Increase/(decrease) in creditors	16,17	581,241	(18,669)
		<u>-</u>	<u>-</u>
Net cash flows from operating activities		<u>1,061,603</u>	<u>576,394</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(980,694)	(730,120)
Increase of Investment property		-	-
Proceeds from the sale of fixed assets		-	-
Net cash flows from investing activities		<u>(980,694)</u>	<u>(730,120)</u>
Cash flows from financing activities			
Increase in loans	16,17	130,780	414,532
Interest on loans	16,17	(102,269)	(92,059)
Net cash flows from financing activities		<u>28,511</u>	<u>322,473</u>
Net increase/(decrease) in cash		<u>109,420</u>	<u>168,747</u>
Cash at bank and in hand as at 1 April		<u>173,252</u>	<u>4,505</u>
Cash at bank and in hand at 31 March		<u><u>282,672</u></u>	<u><u>173,252</u></u>

Reconciliations in net funds	01-Apr-16	Cash flow	31-Mar-17
	£	£	£
Cash at bank and in hand	173,252	109,420	282,672
Overdraft	-	(163,523)	(163,523)
Net Debt	<u>173,252</u>	<u>(54,103)</u>	<u>119,149</u>

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Hazrat Sultan Bahu Trust 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 notes.

Going concern

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the Charity's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Buildings	50 years - Straight line method
Fixtures & Fittings	15 year - Straight line method

Investment properties

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the Charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Charity, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the Statement of Financial Activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2 Income from donations and legacies

	Unrestricted funds	Restricted funds	Total 2017 £	Total 2016 £
	General £	£		
Donations and legacies;				
Donations to major appeals	2,058,079	120,000	2,178,079	1,918,137
Gift aid reclaimed	107,888	-	107,888	111,795
Management Services	40,000	-	40,000	4,433
	<u>2,205,967</u>	<u>120,000</u>	<u>2,325,967</u>	<u>2,034,365</u>

3 Income from other trading activities

	Unrestricted funds	Total 2017 £	Total 2016 £
	General £		
Property rental income	367,815	367,815	281,930
Other income from other trading activities	711	711	-
	<u>368,526</u>	<u>368,526</u>	<u>281,930</u>

4 Expenditure on raising funds

a) Costs of generating donations and legacies

	Unrestricted funds	Total 2017 £	Total 2016 £
	General £		
Donations	137,580	137,580	60,000

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

5 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2017 £	Total 2017 £
					Total 2016 £
Faith & Worship	1,734,021	-	159,835	1,893,856	1,845,732
Education	25,653	230,751	-	256,404	244,125
	<u>1,759,674</u>	<u>230,751</u>	<u>159,835</u>	<u>2,150,260</u>	<u>2,089,857</u>

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

£1,919,510 (2016 - £2,149,857) of the above expenditure was attributable to unrestricted funds and £230,750 (2016 - £147,435) to restricted funds.

In addition to the expenditure analysed above, there are also governance costs of £16,959 (2016: £82,914) which relate directly to charitable activities. See note 6 for further details.

6 Analysis of governance and support costs

Support costs allocated to charitable activities

	Basis of allocation	Administration costs £	Total 2017 £	Total 2016 £
Faith & Worship		159,835	159,835	154,421

Governance costs

	Unrestricted funds General £	Total 2017 £	Total 2016 £
Audit fees			
Audit of the financial statements	4,640	4,640	4,740
Legal fees	8,539	8,539	78,174
Other governance costs	3,780	3,780	-
	<u>16,959</u>	<u>16,959</u>	<u>82,914</u>

7 Grant-making

Analysis of grants

	Grants to Institutions	
	2017 £	2016 £
Analysis		
Hazrat Sultan Bahu Trust Pakistan	<u>230,750</u>	<u>147,435</u>

The support costs associated with grant-making are £Nil (31 March 2016 - £Nil).

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2017 £	2016 £
Operating leases - other assets	20,300	39,280
Depreciation of fixed assets	<u>228,212</u>	<u>188,087</u>

9 Trustees remuneration and expenses

The trustees are considered to be the key management of the trust. Two trustees received a total of £44,244 for subcontractor work.

The Trustees incurred no expenses during the year (2016: Nil).

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

10 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	970,475	834,333
Social security costs	38,260	26,759
Pension costs	2,622	2,371
	<u>1,011,357</u>	<u>863,463</u>

The monthly average number of persons (including senior management team) employed by the Charity during the year expressed as full time equivalents was as follows:

	2017 No	2016 No
Admin & Finance	25	21
Teachers	96	78
Clergy	16	18
	<u>137</u>	<u>117</u>

No employee received emoluments of more than £60,000 during the year

11 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>4,640</u>	<u>4,740</u>

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

12 Taxation

The Charity is a registered charity and is therefore exempt from taxation.

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2016	9,314,703	57,360	61,049	9,433,112
Additions	<u>584,694</u>	<u>396,000</u>	<u>-</u>	<u>980,694</u>
At 31 March 2017	<u>9,899,397</u>	<u>453,360</u>	<u>61,049</u>	<u>10,413,806</u>
Depreciation				
At 1 April 2016	2,002,689	11,598	61,049	2,075,336
Charge for the year	<u>197,988</u>	<u>30,224</u>	<u>-</u>	<u>228,212</u>
At 31 March 2017	<u>2,200,677</u>	<u>41,822</u>	<u>61,049</u>	<u>2,303,548</u>
Net book value				
At 31 March 2017	<u>7,698,720</u>	<u>411,538</u>	<u>-</u>	<u>8,110,258</u>
At 31 March 2016	<u>7,312,014</u>	<u>45,762</u>	<u>-</u>	<u>7,357,776</u>

14 Fixed asset investments

	2017 £	2016 £
Investment properties	<u>1,852,826</u>	<u>1,852,826</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2016	<u>1,852,826</u>
Provision	
At 31 March 2017	<u>-</u>
Net book value	
At 31 March 2017	<u>1,852,826</u>
At 31 March 2016	<u>1,852,826</u>

There has been no valuation of investment property by an independent valuer. In the trustees opinion, there has been no material changes in valuation.

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

15 Debtors

	2017 £	2016 £
Trade debtors	375,251	115,573
Prepayments	18,609	6,609
Accrued income	1,000	12,000
Gift Aid	107,887	111,793
	<u>502,747</u>	<u>245,975</u>

16 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans	362,396	305,688
Finance Lease	194,074	-
Other taxation and social security	9,477	7,016
Other creditors	1,588,927	1,180,596
Accruals	98,966	92,040
Deferred income	60,000	60,000
	<u>2,313,840</u>	<u>1,645,340</u>

Creditors due within one year includes the following liabilities, on which security has been given by the Charity:

	2017 £	2016 £
Bank Loan	198,873	305,688
Finance Lease	194,074	-
	<u>392,947</u>	<u>305,688</u>

Bank loans and overdrafts are secured by a first priority legal charge of all Freehold and Investment Property held by the charity. Liabilities under finance lease agreements are secured on the individual assets concerned.

17 Creditors: amounts falling due after one year

	2017 £	2016 £
Bank loans	3,119,838	3,211,897
Other creditors	300,000	300,000
Finance leases	135,580	-
	<u>3,555,418</u>	<u>3,511,897</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the Charity:

	2017 £	2016 £
Bank Loan	3,119,840	3,211,897
Finance Lease	135,580	-
	<u>3,255,420</u>	<u>3,211,897</u>

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

Bank loans and overdrafts are secured by a first priority legal charge of all Freehold and Investment Property held by the charity. Liabilities under finance lease agreements are secured on the individual assets concerned.

18 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Land and buildings		
Within one year	7,800	30,940
Between one and five years	<u>25,350</u>	<u>7,800</u>
	<u><u>33,150</u></u>	<u><u>38,740</u></u>

19 Funds

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2017 £
Unrestricted funds					
Unrestricted general funds	(4,472,592)	(2,574,493)	2,057,090	120,000	(4,869,995)
Restricted funds	<u>-</u>	<u>(120,000)</u>	<u>230,750</u>	<u>(120,000)</u>	<u>(9,250)</u>
Total funds	<u><u>(4,472,592)</u></u>	<u><u>(2,694,493)</u></u>	<u><u>2,287,840</u></u>	<u><u>-</u></u>	<u><u>(4,879,245)</u></u>

Hazrat Sultan Bahu Trust

Notes to the Financial Statements for the Year Ended 31 March 2017

20 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	General funds £	£	£
Tangible fixed assets	8,110,258	-	8,110,258
Fixed asset investments	1,852,826	-	1,852,826
Current assets	776,169	9,250	785,419
Current liabilities	(2,313,840)	-	(2,313,840)
Creditors over 1 year	(3,555,418)	-	(3,555,418)
Total net assets	<u>4,869,995</u>	<u>9,250</u>	<u>4,879,245</u>

21 Financial instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

22 Related party transactions

During the year the Charity made the following related party transactions:

Islamic Help

(Sultan Fiaz ul Hassan and Sultan Niaz ul Hassan, trustees of HSBT are also trustees of Islamic Help, a registered charity (No 100259).)

-Rental Income £84,000 (2016: £92,333)

-Donation towards projects £120,000 (2016: £120,000)

-Other Creditors within 1 year £159,825 (2016: £159,825)

-Other Creditors over 1 year £300,000 (2016: £300,000). At the balance sheet date the amount due Islamic Help was £Nil (2016 - £Nil).

Ward End Community College:

(Sultan Fiaz ul Hassan and Sultan Niaz ul Hassan, trustees of HSBT are also trustees of Ward End Community College, a registered charity (No 05994505).)

-Rental income £12,000 (2016: £17,000). At the balance sheet date the amount due from Ward End Community College: was £5,000 (2016 - £Nil).