

Company registration number: 07351472

Charity registration number: 1142790

Al Furqan Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2017

Al Furqan Education Trust

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Al Furqan Education Trust

Strategic Report for the Year Ended 31 March 2017

The trustees, who are directors for the purposes of company law, present their strategic report for the year ended 31 March 2017, in compliance with s414C of the Companies Act 2006.

Achievements and performance

The main projects undertaken during the financial year were:

a) Masjid

Al Furqan also provides a fully functioning place of prayer, where the 5 daily prayers, Taraweeh prayers and all prayer services are established. The prayer services cater to both men and women. Lectures and lessons are also conducted in the Masjid for the benefit of the worshippers.

b) Madrasah

The Madrasah is one of the main services provided by Al Furqan. The Madrasah, which runs on the weekends and in the evenings, caters for both boys and girls over the age of 6. The madrasah is standardized and supported by a well thought-out and prepared curriculum that caters to the students who attend. There are also assessments and experienced teachers. The madrasah runs on Tuesdays and Thursday between 5-8pm and on Saturdays and Sundays from 9am-4pm. Registration takes place twice a year for new students. The madrasah currently has over 400 students registered, who mostly live in the borough and surrounding boroughs. To register your child please call the Madrasah head teacher on 020 8432 9477.

c) Ramadan Project

Muslims look forward to the holy month of Ramadan. Ramadan is a month filled with various types of worship; including prayers, giving charity, fasting and bonding with fellow Muslims.

Al Furqan has been organising Taraweeh prayers (Night prayers) since its inception during the whole month of Ramadan. Various recites have been invited since then to lead the night prayers. The centre has been very busy during this month with over 1000 people coming on a daily basis.

The centre has also provided Iftar (dinner) for all those who have been fasting during the whole month for the duration of the whole month. The Trust has also received various donations towards this charitable cause. Many homeless people in the borough have also benefitted from these dinners during the whole month of Ramadan where they are invited to eat.

The Trustees have also invited Local MP's, the local mayor and councillors to take part in the Iftar dinners, to strengthen cohesion and build ties with the local community.

d) Eid Project

With the help of the London Borough of Hounslow, Al Furqan has successfully organised two Eid events for the residents of Hounslow. These events have taken place in Lampton Park, which is the main park in Hounslow. The events include prayers, lectures and various activities in the public garden and members of the Muslim and non-Muslim communities all participated in this event. There were also funfair activities for the children.

The Eid event has been the main highlight of the year for the local community, where they get to meet up with family members, friends and local members of Al Furqan. The event has been a great success and has garnered positive publicity from many businesses, charities, restaurants and individuals who wish to participate with Al Furqan in delivering this project in the best possible way.

Al Furqan has now for the second time held this event at the public park on the day of Eid-al-Adha.

e) Children Sports/Youth Project

Al Furqan aims to provide a range of activities to busy the youth and create a platform for them whereby they can voice their needs and concerns. Youth are a vital part of any community and we at Al Furqan, therefore find it important to have many services available for them. We aim to empower the youth of our local community with the necessary education; both Islamic and academic, to produce individuals who will have a positive impact on their communities at large.

The Trust has organised football sessions, gaming, sleepovers and other social activities on a weekly and monthly basis.

Al Furqan has recently prepared a youth club for our local young community so they can come and spend their time with friends and give them an opportunity to socialise outside of school. The youth club will have many different activities.

f) Women Project

Women from different backgrounds come together to socialise, have lessons and get advice regarding many different matters. The Trust has also successfully organised a number of annual dinners specifically for women. These dinners have been a great success and many more future annual dinners will hopefully be organised. These events were organised and implemented by a number of women who live in the borough.

g) Social activities and counselling

Muslims turn to the mosque for help and advice in all matters of their life. The trust has trained Imams to provide counselling

and advice on concerns that the community may have, such as death, cultural difficulties, marriage breakdowns, bullying and other social issues.

The Trust also assists with filling in forms, speaking to councils on behalf of worshippers and various other types of assistance that may be of general help to the public.

Al Furqan has also held a number of national social activities for the benefit of families and the general public who enjoy days out. The Trust has previously hired coaches for trips to various beaches, funfairs and theme parks. These trips usually happen in the summer.

Financial review

Total Income raised for the year was £781k (2016: £1,154k), Total Expenditure amounted to £741k (2016: £627k). End of year Reserves stood at £3,321k (2016: £3,281).

Policy on reserves

The charity aims to retain sufficient free reserves equivalent to approximately £50,000. These reserves are held in case of any sudden decline in income and to ensure that we can meet our commitments to providing our services and activities. Specifically, these commitments include our contractual obligations in relation to our outreach work and staff commitments.

Principal risks and uncertainties

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees confirm that considerations have been given to the major risks to which the charity is exposed and that systems have been designed and established to mitigate those risks.

The strategic report was approved by the trustees of the Charity on and signed on its behalf by:

.....
Mr Mukhtar Ali Abdi
Trustee

Al Furqan Education Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2017.

Objectives and activities

Objects and aims

AET's established objectives are the advancement of education in accordance with the doctrine and tenets of Islam in particular, but not exclusively, as we provide provision of non-religious education to Somali children living in London, in mainly English, Maths and Science. And we wish to further such other charitable purposes according to the UK Law with the stipulations set out by the Charity Commission.

Al Furqan Education Trust is aiming to achieve its objectives by:-

1. Providing comprehensive and balanced education to the youth.
2. Serving the local Muslim community by promoting a greater understanding of Islam through charitable, educational and social events.
3. Equipping students with the skills they need for their future career choices.
4. Providing a range of services that will enable young people and women to engage in a positive and lively environment.
5. Providing students with a safe and friendly environment full of Islamic ethos to prepare them for a rich and fulfilling career

Public benefit

The charity's activities are designed to benefit the Muslim community in the London Borough of Hounslow in particular and the whole community in general. In view of this, the trustees confirm that they have had due regard to the public benefit guidance and they have complied with the duty in s. 37 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

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.

Use of volunteers

The effort, commitment and skills of our volunteers are at the heart of the charity. Some of our long-standing volunteers have worked with us for considerable periods contributing invaluable time and skills.

It has not been possible to put a monetary value on the efforts of our volunteers.

Structure, governance and management

Nature of 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 Memorandum and Articles of Association which govern the charitable company was last amended on 19 August 2010, the date of incorporation.

Recruitment and appointment of trustees

The charity's trust deed stipulates the method of appointing trustees. The current board of trustees is made up of experienced individuals who have served the charity for many years.

Al Furqan Education Trust

Trustees' Report

Major risks and management of those risks

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees confirm that considerations have been given to the major risks to which the charity is exposed and that systems have been designed and established to mitigate those risks.

Reference and Administrative Details

Trustees

Mr Mukhtar Ali Abdi, Director

Mr Abdulsatar Abdi Aden, Director

Mr Ali Hussein Hassan, Director

Dr Abdi Issa Greek, Director (Resigned 22 September 2016)

Mr Mohamed Qalalid

Mr Mohamed Hussein Hassan

Mr Ahmed Abdulle Abdi

Principal Office

6 Lampton Road
Hounslow
TW3 1JL

The Charity is incorporated in United Kingdom.

Company Registration Number

07351472

Charity Registration Number

1142790

Auditor

Shareef & Co, Registered Auditors
18 - 22 Stoney Lane
Yardley
Birmingham
B25 8YP

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

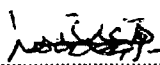
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the Charity on 07/06/18 and signed on its behalf by:


.....
Mr Mukhtar Ali Abdi
Trustee

Al Furqan Education Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Al Furqan Education Trust for the purposes of company law) are responsible for preparing the and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

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

Approved by the trustees of the Charity on and signed on its behalf by:

.....
Mr Mukhtar Ali Abdi
Trustee

Al Furqan Education Trust

Independent Auditors' Report to the Members of Al Furqan Education Trust

We have audited the financial statements of Al Furqan Education Trust for the year ended 31 March 2017, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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 8), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on 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 charitable company'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 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 charitable company's affairs as at 31 March 2017 and of its results 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the for the financial year for which the financial statements are prepared is consistent with the financial statements.

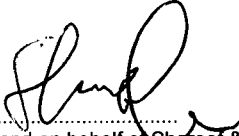
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Al Furqan Education Trust

Independent Auditors' Report to the Members of Al Furqan Education Trust



For and on behalf of Shareef & Co, Registered Auditors, Statutory Auditor

18 - 22 Stoney Lane
Yardley
Birmingham
B25 8YP

Date: 07 June 2018

Al Furqan Education Trust

Statement of Financial Activities for the Year Ended 31 March 2017 **(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted funds £	As restated Total 2017 £
Income and Endowments from:			
Donations and legacies	2	175,948	175,948
Investment income	3	283,920	283,920
Other income	4	321,133	321,133
Total Income		781,001	781,001
Expenditure on:			
Charitable activities	5	(740,721)	(740,721)
Total Expenditure		(740,721)	(740,721)
Net income		40,280	40,280
Net movement in funds		40,280	40,280
Reconciliation of funds			
As previously reported		3,245,820	3,245,820
Prior year adjustment	19	35,118	35,118
As restated		3,280,938	3,280,938
Total funds carried forward	16	3,321,218	3,321,218

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £
Income and Endowments from:				
Donations and legacies	2	783,547	-	783,547
Investment income	3	172,392	-	172,392
Other income	4	198,503	-	198,503
Total Income		1,154,442	-	1,154,442
Expenditure on:				
Raising funds		(115,328)	-	(115,328)
Charitable activities	5	(511,766)	-	(511,766)
Total Expenditure		(627,094)	-	(627,094)
Net income		527,348	-	527,348
Transfers between funds		2,357,843	(2,357,843)	-
Net movement in funds		2,885,191	(2,357,843)	527,348
Reconciliation of funds				
Total funds brought forward		395,747	2,357,843	2,753,590
Total funds carried forward	16	3,280,938	-	3,280,938

All of the Charity's activities derive from continuing operations during the above two periods.

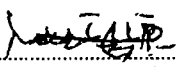
The funds breakdown for 2016 is shown in note 16.

Al Furqan Education Trust

**(Registration number: 07351472)
Balance Sheet as at 31 March 2017**

	Note	2017 £	(As restated) 2016 £
Fixed assets			
Tangible assets	12	3,104,000	2,352,000
Current assets			
Debtors	13	114,816	143,214
Cash at bank and in hand		141,278	811,168
		256,094	954,382
Creditors: Amounts falling due within one year	14	(38,876)	(25,444)
Net current assets		217,218	928,938
Net assets		3,321,218	3,280,938
Funds of the Charity:			
Unrestricted income funds			
Unrestricted income funds		(3,321,218)	(3,280,938)
Total funds	16	(3,321,218)	(3,280,938)

The financial statements on pages 11 to 23 were approved by the trustees, and authorised for issue on 07/06/18 and signed on their behalf by:



 Mr Mukhtar Ali Abdi
 Trustee

Al Furqan Education Trust

Statement of Cash Flows 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		40,280	527,348
Adjustments to cash flows from non-cash items			
Depreciation	3	48,000	48,000
Investment income		(283,920)	(172,392)
Loss on disposal of fixed assets held for the charity's own use		-	-
		<u>(195,640)</u>	<u>402,956</u>
Working capital adjustments			
Decrease/(Increase) in debtors	13	28,398	126,404
Increase/(decrease) in creditors	14	13,432	(16,714)
		<u>(153,810)</u>	<u>512,646</u>
Net cash flows from operating activities			
		(153,810)	512,646
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(800,000)	-
Increase of Investment property		-	-
Proceeds from the sale of fixed assets		-	-
Net cash flows from investing activities		<u>(800,000)</u>	<u>0</u>
Cash flows from financing activities			
Interest Receivable and similar income		283,920	172,392
Interest on loans		-	-
Net cash flows from financing activities		<u>283,920</u>	<u>172,392</u>
Net increase/(decrease) in cash		<u>(669,890)</u>	<u>685,038</u>
Cash at bank and in hand as at 1 April		811,168	126,130
Cash at bank and in hand at 31 March		<u>141,278</u>	<u>811,168</u>

All of the cash flows are derived from continuing operations during the above two periods.

Al Furqan Education Trust

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 Companies Act 2006.

Basis of preparation

Al Furqan Education 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 nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income and endowments

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

Donations and legacies

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the Charity before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that these conditions will be fulfilled in the reporting period.

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.

Al Furqan Education Trust

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

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 £500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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:

Land & Building: 2% on Cost

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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 Statement of Financial Activities 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 Charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Al Furqan Education Trust

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

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.

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.

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.

Derivative financial instruments

The Charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

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.

Hedge accounting

The Charity designates certain derivatives as hedging instruments in cash flow hedges and fair value hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Charity determines and documents causes for hedge ineffectiveness.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the charity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line related to the hedged item in profit or loss.

Hedge accounting is discontinued when the charity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to statement of financial activities from that date.

Al Furqan Education Trust

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

2 Income from donations and legacies

	Unrestricted funds		(As restated)
	General £	Total 2017 £	Total 2016 £
Donations and legacies;			
Donations from individuals	175,948	175,948	783,547
	<u>175,948</u>	<u>175,948</u>	<u>783,547</u>

3 Investment income

	Unrestricted funds		
	General £	Total 2017 £	Total 2016 £
Other investment income	6,233	6,233	200
Income from rents	277,687	277,687	172,192
	<u>283,920</u>	<u>283,920</u>	<u>172,392</u>

4 Other income

	Unrestricted funds		
	General £	Total 2017 £	Total 2016 £
Fees and supplies	321,133	321,133	198,503

5 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2017 £	Total 2016 £
Education and worship	560,026	-	16,793	576,819	449,660
Community projects	-	90,045	-	90,045	-
School project	-	30,623	-	30,623	-
Governance	43,234	-	-	43,234	62,106
	<u>603,260</u>	<u>120,668</u>	<u>16,793</u>	<u>740,721</u>	<u>511,766</u>

£Nil (2016 - £Nil) of the above expenditure was attributable to unrestricted funds and £Nil (2016 - £Nil) to restricted funds.

Al Furqan Education Trust

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

6 Analysis of governance and support costs

Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2017	2016
		£	£
Audit fees			
Audit of the financial statements	4,800	4,800	4,800
Legal fees	38,434	38,434	57,306
	<u>43,234</u>	<u>43,234</u>	<u>62,106</u>

7 Grant-making

Analysis of grants

	Grants to institutions 2017 £
Analysis	
Community projects	90,045
School project	<u>30,623</u>
	<u>120,668</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 £
Depreciation of fixed assets	<u>48,000</u>	<u>48,000</u>

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

10 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	218,894	179,563
Social security costs	<u>5,701</u>	<u>5,603</u>
	<u>224,595</u>	<u>185,166</u>

Al Furqan Education Trust

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

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
No of Employees	22	20

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

Al Furqan Education Trust

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

11 Taxation

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

12 Tangible fixed assets

	Land and buildings £	Total £
Cost		
At 1 April 2016	2,400,000	2,400,000
Additions	<u>800,000</u>	<u>800,000</u>
At 31 March 2017	<u>3,200,000</u>	<u>3,200,000</u>
Depreciation		
At 1 April 2016	48,000	48,000
Revaluations	<u>48,000</u>	<u>48,000</u>
At 31 March 2017	<u>96,000</u>	<u>96,000</u>
Net book value		
At 31 March 2017	<u>3,104,000</u>	<u>3,104,000</u>
At 31 March 2016	<u>2,352,000</u>	<u>2,352,000</u>

13 Debtors

	2017 £	2016 £
Trade debtors	146,879	143,214
Provision for Bad Debts	<u>(32,063)</u>	<u>-</u>
	<u>114,816</u>	<u>143,214</u>

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,494	-
Other taxation and social security	3,983	-
Other creditors	<u>25,399</u>	<u>25,444</u>
	<u>38,876</u>	<u>25,444</u>

15 Charity status

The Charity is a Charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the Charity in the event of liquidation.

16 Funds

Al Furqan Education Trust

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

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
Unrestricted funds				
Unrestricted general funds	(3,280,938)	(781,001)	740,721	(3,321,218)
	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Transfers £
Unrestricted funds				
Unrestricted general funds	(395,747)	(1,154,442)	627,094	(2,357,843)
Restricted funds	(2,357,843)	-	-	2,357,843
Total funds	(2,753,590)	(1,154,442)	627,094	-

17 Analysis of net assets between funds

	Unrestricted funds General funds £	Total funds £
Tangible fixed assets	3,104,000	3,104,000
Current assets	256,094	256,094
Current liabilities	(38,876)	(38,876)
Total net assets	3,321,218	3,321,218

18 Analysis of net funds

	At 1 April 2016 £	Cash flow £	At 31 March 2017 £
Cash at bank and in hand	811,168	(669,890)	141,278
Net debt	811,168	(669,890)	141,278

19 Prior year adjustment

Prior year financial statements ending 31 March 2016 understated the bank balances by £35,118 due to an accounting error identified while preparing the accounts year ending 31 March 2017. This prior year comparatives have been corrected accordingly.