

Charity Registration No. 1056468

IRSHAD TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

IRSHAD TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Dr S H Kirmani	
	Dr I Jahangir	
	Dr A H Rafsanjani	(Appointed 15 September 2017)
	Mr M Raza	(Appointed 15 September 2017)
Charity number	1056468	
Principal address	133 High Road Willesden London England NW10 2SW	
Auditor	FLS Accounting Solutions Limited T/A SP Vinshaw UCB House 3 George Street Watford Hertfordshire England WD18 0BX	
Accountants	Seymour K Limited 35 - 37 Brent Street London NW4 2EF	
Bankers	Al Rayan Bank PO Box 12461 Birmingham B16 6AQ	

IRSHAD TRUST

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IRSHAD TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report and financial statements for the year ended 31 August 2017.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The Charity's objective and its principal activity is to introduce and promote education in an Islamic environment in the United Kingdom and abroad by establishing colleges, with branches in London and elsewhere.

The Charity also aims to further its objectives by giving financial assistance to institutions involved in Islamic research and other similar educational activities.

In addition, the Charity aims to provide appropriate assistance to other educational institutions with aims and objectives similar to those of its own. Donations are raised through contacts the trustees have with potential donors and the public.

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

The college established by the Charity offers various full time and part time courses to its students in partnership with Middlesex University. Some of the courses offered to students are outlined below:

- Quranic Arabic Foundation
- BA Islamic Studies
- BA Hawza Studies
- MA Islamic Studies
- MA Islamic Law
- MA Islam And The West
- DProf - Doctorate in Professional Studies

A full list of courses offered by the college is available at <https://www.islamic-college.ac.uk/study/>

Public benefit

The trustees have had due regard to the Charity Commission guidance on public benefit and confirm that the Charity's objectives benefit the public in a number of ways i.e. the provision of scholarships and discounted courses to students, regular public worship and sacred space for private prayer and/or contemplation. Activities for all ages including conferences, Iftaar Dinner in Holy Ramadhan, monthly lectures, workshops, Taster courses etc. are held throughout the year.

Scholarships are awarded to high-quality students, at either undergraduate or post-graduate level undertaking courses at The Islamic College with the aim of encouraging more students to the Islamic educational programmes.

Achievements and performance

During the academic year 2016-17, a total of 102 students were enrolled on the above mentioned courses. The education team at The Islamic College continuously seeks to improve its learning resources by expansion of its library facilities and continued investment in its IT infrastructure. These assist the college in delivering the programmes effectively and efficiently, thus enabling the Charity in achieving its objectives. The improvement in delivering courses is evident by the rise in pass rates and outstanding achievers over the years.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Islamic College is inspected on an annual basis by external monitoring organisations such as The Quality Assurance Agency for Higher Education (QAA), Higher Education Funding Council for England (HEFCE) and The Department of Business, Innovation and Skills (BIS).

The College had its most recent QAA visit completed and are awaiting their report. Previous QAA visits have been successful and recommendations provided by The QAA have been implemented by The Islamic College.

The performance of the College is also reviewed by HEFCE and BIS who provide a full clearance for Designated courses offered by the College which enables some students to obtain loans from The Students' Loan Company for the Undergraduate programmes.

Financial review

The total funds received during the year were £931,045 (2016: £1,009,947) and represent a decrease of 8.47% on the 2016 income. This was owed to scholarships offered by the Charity to its outstanding students resulting in decline in Tuition fees received by the Charity. The total funds expended were £1,026,560 (2016: £997,567) which mainly reflects an inflationary increase of 2.91%.

During the year under review, the unrestricted funds of the Charity made a surplus of £9,630,160 (2016: £12,380) after allowing for £9,725,675 in revaluation gains on freehold property owned by the Charity. The total funds held by the Charity at the balance sheet date stand at £13,742,259 (2016: £4,112,099).

Reserves policy

The perpetual nature of the Charity's existence means that it will never cease to exist and therefore reserves are carried forward at the end of each financial year. It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, the Charity will be able to continue its current activities while consideration is given to the ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Where deficits occur, these are carried forward to the following year.

Going Concern

The trustees have given due consideration to the ability of the Charity to continue as a going concern. Due to the continued support the Charity receives from its donors, the trustees are satisfied that the going concern basis remains appropriate. Furthermore, the Charity believes that the level of unrestricted funds held remains sufficient to support the activities of the Charity in the foreseeable future.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Structure, governance and management

The charity was established by a charitable trust deed on 1st July 1996.

The trustees who served during the year were:

Dr S H Kirmani

Dr M A Shomali

(Resigned 25 April 2018)

Dr I Jahangir

Dr A H Rafsanjani

(Appointed 15 September 2017)

Mr M Raza

(Appointed 15 September 2017)

Additional trustees may be appointed at the discretion of the trustees in accordance with the trust deed. At any one time there must be a minimum of three trustees and a maximum of seven trustees.

The Charity is administered in accordance with the powers invested in the trustees, as documented in the trust deed. There are no specific restrictions with regard to the way in which the Charity may operate provided that the objects of the Charity as documented are met. The Charity has no specific investment powers. Its general investment powers are as documented in the trust deed. The trustees have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to major risks.

After the death of Dr Mohammad Jafar Elmi full responsibility as the Managing Trustee was appropriated to Dr Mohammad Ali Shomali together with the responsibility of overseeing the day to day affairs of the Charity.

Dr Isa Jahangir was appointed as the Principal of The Islamic College and has been undertaking the day to day business of the educational activities of The Islamic College.

Dr Syed Naqi Hassan Kirmani holds title to the property belonging to the Trust at the report approval date and served as trustee in holding title in the reporting period.

The trustees of the Charity collectively manage the affairs of the Charity in line with the governing document and the decisions are made in regular meetings held by the trustees throughout the year.

Training is provided to new trustees as required. However, most trustees are already familiar with the practical work of the Charity when they are appointed.

The Trustees consider the board of trustees and the senior management team comprise the key personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. Trustees give of their time freely and no trustee received remuneration in the year. Details of trustee's expenses and related party transactions are disclosed in note 8 to the accounts. The pay of the senior staff is normally reviewed annually.

The Trust has relationship with The Lady Fatemah (A.S) Charitable Trust, a charity which shares the Trust's passion for education. Both organisations take an active interest in the educational programmes for the benefit of young people.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Key risks at present are assessed as being associated with decline in student numbers and reduction in donations. Considering that The Islamic College has a robust marketing strategy, a reduction in student enrolments is not anticipated. Additionally, the fund-raising of the Charity is community based which enables it to attract a range of support thereby assisting in its continuity.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Funds held as custodian trustee

No funds are held as custodian trustee on behalf of others.

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare accounts 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 year.

In preparing these accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees and signed on their behalf.



Dr I Jahangir

Managing Trustee

Dated: 12 June 2018

IRSHAD TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF IRSHAD TRUST

Opinion

We have audited the accounts of Irshad Trust (the 'charity') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 August 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees is responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

IRSHAD TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF IRSHAD TRUST

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

Your attention is drawn to the fact that the charity has prepared accounts 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

IRSHAD TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF IRSHAD TRUST

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Sadikali Gulamabbas Premji FCCA (Senior Statutory Auditor)
for and on behalf of FLS Accounting Solutions Limited T/A SP
Vinshaw**

12 June 2018

**Chartered Accountants
Statutory Auditor**

UCB House
3 George Street
Watford
Hertfordshire
England
WD18 0BX

FLS Accounting Solutions Limited T/A SP Vinshaw is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

IRSHAD TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
<u>Income from:</u>			
Donations and legacies	3	734,086	655,811
Charitable activities	4	196,959	354,135
Investments	5	-	1
Total income		931,045	1,009,947
<u>Expenditure on:</u>			
Charitable activities	6	1,026,560	997,567
Net (outgoing)/incoming resources		(95,515)	12,380
Other recognised gains and losses			
Revaluation of tangible fixed assets		9,725,675	-
Net movement in funds		9,630,160	12,380
Fund balances at 1 September 2016		4,112,099	4,099,719
Fund balances at 31 August 2017		13,742,259	4,112,099

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

IRSHAD TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		13,570,200		3,827,462
Current assets					
Debtors	12	221,956		323,783	
Cash at bank and in hand		7,620		9,509	
		229,576		333,292	
Creditors: amounts falling due within one year	14	(55,314)		(48,655)	
Net current assets			174,262		284,637
Total assets less current liabilities			13,744,462		4,112,099
Creditors: amounts falling due after more than one year	16		(2,203)		-
Net assets			13,742,259		4,112,099
Income funds					
Unrestricted funds - general			13,742,259		4,112,099
			13,742,259		4,112,099

The accounts were approved by the Trustees on 12 June 2018



Dr I Jahangir
Trustee

IRSHAD TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	19		68,976		3,725
Investing activities					
Purchase of tangible fixed assets		(78,957)		-	
Interest received		-		1	
Net cash (used in)/generated from investing activities			(78,957)		1
Financing activities					
Payment of obligations under finance leases		8,092		-	
Net cash generated from/(used in) financing activities			8,092		-
Net (decrease)/increase in cash and cash equivalents			(1,889)		3,726
Cash and cash equivalents at beginning of year			9,509		5,784
Cash and cash equivalents at end of year			<u>7,620</u>		<u>9,509</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Charity information

Irshad Trust is a charitable trust registered in England and Wales with registration number 1056468. The principal address is 133 High Road, London, NW10 2SW. The principal objects of the charity is to introduce and promote education in an Islamic environment as governed by the charity's trust deed.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

Irshad 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 note(s).

1.2 Going concern

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

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

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

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Grant income is deferred only where the donor has specified that it may only be used for a future period or has imposed conditions that must be met before the charity has unconditional entitlement to the grant.

Tuition fee income is recognised in the year it becomes receivable with a provision against any tuition fee not received.

Trade debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.5 Resources expended

Liabilities

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

The costs of generating funds are those costs of seeking potential funders and applying for funding.

The expenditure relating to charitable activities represents all costs incurred by the Trust in meeting its charitable objectives.

The cost of additions to the library and archives is written off in the year of purchase.

Governance costs are incurred in connection with the management and administration of the charity. These include central management and administration costs, organisational costs and costs incurred to ensure compliance with constitutional and statutory requirements.

Indirect costs are those costs incurred in support of the charitable objectives. These have been allocated to the resources expended on a basis that fairly reflects the true use of those resources within the organisation.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over 50 years
Fixtures and fittings	33% Reducing balance basis
Computers	33% Reducing balance basis
Motor vehicles	25% Reducing balance basis

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other recognised gains and losses and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in net income/(expenditure) or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting estimates and judgements

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

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

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and legacies

	2017	2016
	£	£
Donations and gifts	734,086	655,811

4 Charitable activities

	2017	2016
	£	£
Tuition fees	183,433	343,224
Other income	13,526	10,911
	196,959	354,135

5 Investments

	2017	2016
	£	£
Interest receivable	-	1

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Charitable activities

	2017 £	2016 £
Staff costs	557,236	597,966
Education	67,568	97,554
Publication	49,925	30,867
	<u>674,729</u>	<u>726,387</u>
Share of support costs (see note 7)	289,607	267,580
Share of governance costs (see note 7)	62,224	3,600
	<u>1,026,560</u>	<u>997,567</u>
Analysis by fund		
Unrestricted funds - general	1,026,560	
	<u>1,026,560</u>	
For the year ended 31 August 2016		
Unrestricted funds - general		997,567
		<u>997,567</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Depreciation	61,895	-	61,895	49,465	Wholly attributable
Printing and stationery	18,029	-	18,029	9,765	Usage
Computer support	7,288	-	7,288	11,923	Wholly attributable
Insurance	19,071	-	19,071	14,859	Wholly attributable
Equipment	37,462	-	37,462	44,897	Wholly attributable
Telephone	9,874	-	9,874	7,717	Wholly attributable
Other	135,988	-	135,988	128,954	Wholly attributable
Audit fees	-	3,600	3,600	3,600	Governance
Legal and professional	-	58,624	58,624	-	Governance
	<u>289,607</u>	<u>62,224</u>	<u>351,831</u>	<u>271,180</u>	
Analysed between					
Charitable activities	<u>289,607</u>	<u>62,224</u>	<u>351,831</u>	<u>271,180</u>	

Governance costs include payments to the auditors of £3,600 (2016- £3,600) for statutory audit fees.

8 Trustees' and key management personnel remuneration and expenses

During the year, Mr M Raza received a gross remuneration of £14,133 of which £2,133 was received as fees for lecturing students. Mr M Raza was appointed as a trustee to the charity on 15 September 2017.

Also during the year, Dr I Jahangir was privy to the use of vehicle owned by the Charity with a cash equivalent value of £3,662.

There were no disclosable transactions undertaken with the trustees during the year ended 31 August 2017 except as stated above.

The aggregate remuneration of key management personnel was £32,092 (2016: £24,145).

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Employees

Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
	26	29
Employment costs	2017 £	2016 £
Wages and salaries	517,686	555,642
Social security costs	35,313	37,621
Other pension costs	4,237	4,703
	<u>557,236</u>	<u>597,966</u>

There were no employees whose emoluments exceeded £60,000 in this year or in the previous year.

10 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2016	4,623,535	164,680	202,074	-	4,990,289
Additions	-	5,009	53,848	20,100	78,957
Revaluation	8,876,465	-	-	-	8,876,465
At 31 August 2017	<u>13,500,000</u>	<u>169,689</u>	<u>255,922</u>	<u>20,100</u>	<u>13,945,711</u>
Depreciation and impairment					
At 1 September 2016	803,418	162,746	196,663	-	1,162,827
Depreciation charged in the year	45,792	1,811	9,941	4,350	61,894
Revaluation	(849,210)	-	-	-	(849,210)
At 31 August 2017	<u>-</u>	<u>164,557</u>	<u>206,604</u>	<u>4,350</u>	<u>375,511</u>
Carrying amount					
At 31 August 2017	<u>13,500,000</u>	<u>5,132</u>	<u>49,318</u>	<u>15,750</u>	<u>13,570,200</u>
At 31 August 2016	<u>3,820,117</u>	<u>1,934</u>	<u>5,411</u>	<u>-</u>	<u>3,827,462</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Tangible fixed assets

(Continued)

The carrying value of land included in land and buildings comprises:

	2017 £	2016 £
Freehold	8,100,000	2,333,914

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £4,350 (2016 - £-) for the year.

	2017 £	2016 £
Motor vehicles	15,750	-

Land and buildings with a carrying amount of £3,774,325 were revalued at 16 April 2018 by Empire Estates, independent valuers not connected with the charity on the basis of market value. The valuation was based on recent market transactions on arm's length terms for similar properties.

At 31 August 2017, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £3,774,324 (2016 - £3,820,118).

11 Financial instruments

2017
£

2016
£

Carrying amount of financial assets

Debt instruments measured at amortised cost

172,710

207,772

Carrying amount of financial liabilities

Measured at amortised cost

48,061

38,979

12 Debtors

2017
£

2016
£

Amounts falling due within one year:

Tuition fees receivable	170,070	203,072
Other debtors	2,640	4,700
Prepayments and accrued income	49,246	116,011
	221,956	323,783

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

13 Finance lease commitments

Future minimum lease payments due under finance leases:

	2017 £	2016 £
Within one year	5,889	-
Within two and five years	2,203	-
	<u>8,092</u>	<u>-</u>

The charity purchased a motor vehicle during the year which was financed through hire purchase. The term of the hire purchase is 24 months. The hire purchase lease is on a fixed repayment basis and no arrangements have been entered into for contingent payments.

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Obligations under finance leases	5,889	-
Other taxation and social security	9,456	9,676
Trade creditors	16,432	30,817
Other creditors	755	1,562
Accruals and deferred income	22,782	6,600
	<u>55,314</u>	<u>48,655</u>

15 Deferred Income included in creditors due within one year

	2017 £	2016 £
As at 1 September 2016	-	-
Additions during the year	10,712	-
Amounts released to income	-	-
	<u>10,712</u>	<u>-</u>
As at 31 August 2017	<u>10,712</u>	<u>-</u>

16 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Obligations under finance leases	<u>2,203</u>	<u>-</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Fund reconciliation

Unrestricted funds - General

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Revaluations, gains and losses £	Balance at 31 August 2017 £
Unrestricted funds	4,112,099	931,045	(1,026,560)	9,725,675	13,742,259

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Revaluations, gains and losses £	Balance at 31 August 2016 £
Unrestricted funds	4,099,719	1,009,947	(997,567)	-	4,112,099

18 Related party transactions

There were no disclosable related party transactions during the year (2016- none).

19 Cash generated from operations

	2017 £	2016 £
(Deficit)/Surplus for the year	(95,515)	12,380
Adjustments for:		
Investment income recognised in statement of financial activities	-	(1)
Depreciation and impairment of tangible fixed assets	61,895	49,465
Movements in working capital:		
Decrease/(increase) in debtors	101,827	(89,728)
Increase in creditors	770	31,609
Cash generated from operations	68,977	3,725