

Charity registration number: 1142790

Al Furqan Education Trust

Annual Report and Financial Statements

for the Year Ended 31 March 2019

Dua Governance
Bradford Court
123-131 Bradford Street
Birmingham
B12 0NS

Al Furqan Education Trust

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Al Furqan Education Trust

Reference and Administrative Details

Trustees

Mr Mukhtar Ali Abdi (resigned 19/11/2018)

Mr Abdulsatar Abdi Aden

Mr Ali Hussein Hassan

Mr Mohamed Qalalid

Mr Mohamed Hussein Hassan (resigned 26/11/2018)

Mr Ahmed Abdulle Abdi (resigned 01/05/2018)

Mr Ahmed Shanf Jibril (appointed 03/04/2018 & resigned on 30/07/2019)

Mr Ismail Abdisamad Mohamud

Mr Abdirizak Hirad Mohamed

Mr Abubakar Abdi Hussein

Principal Office

6 Lampton Road
Hounslow
TW3 1JL

Charity Registration Number

1142790

Independent Examiner

Nasir Rafiq
Dua Governance
Bradford Court
123-131 Bradford Street
Birmingham
B12 0NS

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 of the charitable company for the year ended 31 March 2019.

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 17 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 dated 26 June 2011 and as amended by resolution dated 06 March 2016. The Trust registered as a charity with the Charity Commission on the 08 July 2011.

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.

Financial review

During the year the charity raised £600k (2018: £469k). This included £210k (2018: £167k) in donations, £138k (2018: £117k) in rent and £244k (2018: £180) in fees. After spending £647k (2018: £614k), the charity had carry forward reserves of £3.1m (2018: £3.2m).

Policy on reserves

The charity has sufficient general reserves to cover core expenditure for the next year. 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.

Plans for future periods

Aims and key objectives for future periods

The charity plans to adopt a CIO structure. A new CIO Al Furqan Education Trust (Charity Reg 1187230) has now been registered. The charity will transfer its assets and liabilities to this new CIO during the next period.

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.

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 on26/01/20..... and signed on its behalf by:



Mr Ismail Abdisamad Mohamud

Trustee

Al Furqan Education Trust

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' 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 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 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.

Al Furqan Education Trust

Independent Examiner's Report to the trustees of Al Furqan Education Trust

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2019 which are set out on pages 6 to 14.

Respective responsibilities of trustees and examiner

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

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


Independent examiner's statement

Since Al Furqan Education Trust's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

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

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

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



.....
Nasir Rafiq
ICAEW

Dua Governance
Bradford Court
123-131 Bradford Street
Birmingham
B12 0NS

Date: 27.01.2020.....

Al Furqan Education Trust

Statement of Financial Activities for the Year Ended 31 March 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted funds £ | Total 2019 £ |
|------------------------------------|------|-------------------------|--------------------|
| Income and Endowments from: | | | |
| Donations and legacies | 3 | 210,206 | 210,206 |
| Investment income | 4 | 138,148 | 138,148 |
| Other income | 5 | 251,741 | 251,741 |
| Total income | | 600,095 | 600,095 |
| Expenditure on: | | | |
| Charitable activities | 6 | (647,507) | (647,507) |
| Total expenditure | | (647,507) | (647,507) |
| Net expenditure | | (47,412) | (47,412) |
| Net movement in funds | | (47,412) | (47,412) |
| Reconciliation of funds | | | |
| Total funds brought forward | | 3,175,453 | 3,175,453 |
| Total funds carried forward | 16 | 3,128,041 | 3,128,041 |

| | Note | Unrestricted funds £ | Total 2018 £ |
|------------------------------------|------|-------------------------|--------------------|
| Income and Endowments from: | | | |
| Donations and legacies | 3 | 167,145 | 167,145 |
| Investment income | 4 | 121,771 | 121,771 |
| Other income | 5 | 180,042 | 180,042 |
| Total income | | 468,958 | 468,958 |
| Expenditure on: | | | |
| Charitable activities | 6 | (614,722) | (614,722) |
| Total expenditure | | (614,722) | (614,722) |
| Net expenditure | | (145,764) | (145,764) |
| Net movement in funds | | (145,764) | (145,764) |
| Reconciliation of funds | | | |
| Total funds brought forward | | 3,321,218 | 3,321,218 |
| Total funds carried forward | 16 | 3,175,454 | 3,175,454 |

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2018 is shown in note 16.

Al Furqan Education Trust
(Registration number: 1142790)
Balance Sheet as at 31 March 2019

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 2,976,000 | 3,040,000 |
| Current assets | | | |
| Debtors | 14 | 244,373 | 186,919 |
| Cash at bank and in hand | | <u>11,747</u> | <u>3,461</u> |
| | | 256,120 | 190,380 |
| Creditors: Amounts falling due within one year | 15 | <u>(104,079)</u> | <u>(54,926)</u> |
| Net current assets | | <u>152,041</u> | <u>135,454</u> |
| Net assets | | <u>3,128,041</u> | <u>3,175,454</u> |
| Funds of the charity: | | | |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>3,128,041</u> | <u>3,175,454</u> |
| Total funds | 16 | <u>3,128,041</u> | <u>3,175,454</u> |

The financial statements on pages 7 to 15 were approved by the trustees, and authorised for issue on 26/01/2020 and signed on their behalf by:



Mr Ismail Abdisamad Mohamud
Trustee

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Charity status

The charity is a unincorporated Trust.

2 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). They also comply with the Charities Act 2011.

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.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

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.

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.

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

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.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees'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 2019

Fund structure

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

3 Income from donations and legacies

| | Unrestricted funds | | |
|----------------------------|--------------------|--------------------|--------------------|
| | General £ | Total 2019 £ | Total 2018 £ |
| Donations and legacies; | | | |
| Donations from individuals | 210,206 | 210,206 | 167,145 |
| | <u>210,206</u> | <u>210,206</u> | <u>167,145</u> |

4 Investment income

| | Unrestricted funds | | |
|-------------------------|--------------------|--------------------|--------------------|
| | General £ | Total 2019 £ | Total 2018 £ |
| Other investment income | - | - | 4,535 |
| Income from rents | 138,148 | 138,148 | 117,236 |
| | <u>138,148</u> | <u>138,148</u> | <u>121,771</u> |

5 Other income

| | Unrestricted funds | | |
|-------------------|--------------------|--------------------|--------------------|
| | General £ | Total 2019 £ | Total 2018 £ |
| Fees and supplies | 244,329 | 244,329 | 180,042 |
| Other income | 7,412 | 7,412 | - |
| | <u>251,741</u> | <u>251,741</u> | <u>180,042</u> |

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

6 Expenditure on charitable activities

| | Activity undertaken directly £ | Grant funding of activity £ | Activity support costs £ | Total 2019 £ | Total 2018 £ |
|-----------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------|-----------------|
| Education and worship | 579,669 | - | 11,581 | 591,250 | 453,429 |
| Community projects | - | 33,383 | - | 33,383 | 71,959 |
| School project | - | 6,447 | - | 6,447 | 39,000 |
| Governance | 16,427 | - | - | 16,427 | 50,335 |
| | <u>596,096</u> | <u>39,830</u> | <u>11,581</u> | <u>647,507</u> | <u>614,723</u> |

7 Analysis of governance and support costs

Governance costs

| | Unrestricted funds | | Total 2018 £ |
|------------------------------------|--------------------|-----------------|-----------------|
| | General £ | Total 2019 £ | |
| Audit fees | | | |
| Audit of the financial statements | | 7,640 | 4,800 |
| Trustees remuneration and expenses | | 1,565 | - |
| Legal fees | | 7,222 | 42,835 |
| Other governance costs | | - | 2,700 |
| | | <u>16,427</u> | <u>50,335</u> |

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

8 Grant-making

Analysis of grants

| | 2019 £ | 2018 £ |
|--------------------|---------------|----------------|
| Analysis | | |
| Community Projects | 33,383 | 71,959 |
| School Project | 6,447 | 39,000 |
| | <u>39,830</u> | <u>110,959</u> |

The support costs associated with grant-making are £Nil (31 March 2018 - £Nil).

9 Net incoming/outgoing resources

Net outgoing resources for the year include:

| | 2019 £ | 2018 £ |
|------------------------------|---------------|---------------|
| Depreciation of fixed assets | <u>64,000</u> | <u>64,000</u> |

10 Trustees remuneration and expenses

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

11 Staff costs

The aggregate payroll costs were as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Staff costs during the year were: | | |
| Wages and salaries | 256,260 | 238,180 |
| Social security costs | 15,805 | - |
| Pension costs | 2,221 | - |
| | <u>274,286</u> | <u>238,180</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:

| | 2019 No | 2018 No |
|-----------------|------------|------------|
| No of Employees | <u>41</u> | <u>26</u> |

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

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

12 Taxation

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

13 Tangible fixed assets

| | Land and buildings £ | Total £ |
|-----------------------|-------------------------|------------|
| Cost | | |
| At 1 April 2018 | 3,200,000 | 3,200,000 |
| At 31 March 2019 | 3,200,000 | 3,200,000 |
| Depreciation | | |
| At 1 April 2018 | 160,000 | 160,000 |
| Revaluations | 64,000 | 64,000 |
| At 31 March 2019 | 224,000 | 224,000 |
| Net book value | | |
| At 31 March 2019 | 2,976,000 | 2,976,000 |
| At 31 March 2018 | 3,040,000 | 3,040,000 |

14 Debtors

| | 2019 £ | 2018 £ |
|-------------------------|-----------|-----------|
| Trade debtors | 247,273 | 217,482 |
| Other debtors | 29,163 | 1,500 |
| Provision for Bad Debts | (32,063) | (32,063) |
| | 244,373 | 186,919 |

15 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 9,156 | 34,894 |
| Other taxation and social security | 3,509 | 3,983 |
| Other creditors | 78,000 | 16,049 |
| Accruals | 13,414 | - |
| | 104,079 | 54,926 |

Al Furqan Education Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Funds

| | Balance at 1 April 2018 £ | Incoming resources £ | Resources expended £ | Balance at 31 March 2019 £ |
|---------------------------|---------------------------------|----------------------------|----------------------------|----------------------------------|
| Unrestricted funds | | | | |
| General | (3,175,453) | (600,095) | 647,507 | (3,128,041) |
| | Balance at 1 April 2017 £ | Incoming resources £ | Resources expended £ | Balance at 31 March 2018 £ |
| Unrestricted funds | | | | |
| General | (3,321,218) | (468,958) | 614,722 | (3,175,454) |

17 Analysis of net assets between funds

| | Unrestricted funds General £ | Total funds £ |
|-----------------------|------------------------------------|--------------------------------------|
| Tangible fixed assets | 2,976,000 | 2,976,000 |
| Current assets | 256,120 | 256,120 |
| Current liabilities | (104,079) | (104,079) |
| Total net assets | 3,128,041 | 3,128,041 |
| | Unrestricted funds General £ | Total funds at 31 March 2018 £ |
| Tangible fixed assets | 3,040,000 | 3,040,000 |
| Current assets | 166,904 | 166,904 |
| Current liabilities | (31,450) | (31,450) |
| Total net assets | 3,175,454 | 3,175,454 |

18 Analysis of net funds

| | At 1 April 2018 £ | Cash flow £ | At 31 March 2019 £ |
|--------------------------|----------------------|----------------|-----------------------|
| Cash at bank and in hand | 3,461 | 8,286 | 11,747 |
| Net debt | 3,461 | 8,286 | 11,747 |
| | At 1 April 2017 £ | Cash flow £ | At 31 March 2018 £ |
| Cash at bank and in hand | 141,278 | (137,817) | 3,461 |
| Net debt | 141,278 | (137,817) | 3,461 |