

IRSHAD TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

IRSHAD TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Dr I Jahangir Dr A H Rafsanjani Mr A Rashid Dr A Hadawi	(Appointed 19 February 2021)
Charity number	1056468	
Principal address	133 High Road Willesden London England NW10 2SW	
Auditor	FLS Accounting Solutions Limited T/A SP Vinshaw 36 The Metro Centre Dwight Road Watford WD18 9SB	
Accountants	Sabat Accountants Ltd T/A Seymour King Suite G1, Hartsbourne House Delta Gain Carpenders Park, Watford WD19 5EF	
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 2021

The trustees present their annual report and financial statements for the year ended 31 August 2021.

The Trustees confirm that the report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP 2019) 'Accounting and Reporting by Charities' Second Edition applicable for accounting periods commencing on and after 1 January 2020.

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 by establishing colleges that provide further Islamic education.

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.

Statement of compliance with Charity Commission guidance

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake and monitor the use of financial assistance provided to institutions and individuals.

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:

- BA Islamic Studies
- BA Hawza Studies
- MA Islamic Studies
- MA Islamic Law
- MA Islam And The West

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 e.g the provision of scholarships and discounted courses to students, regular public worship and sacred space for private prayer and/or contemplation. The Charity also provides activities for all ages including conferences, Iftaar Dinner in Holy Ramadhan, monthly lectures, workshops, Taster courses etc. are held throughout the year.

Grant making policy

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 2020-21, a total of 181 students were enrolled on the above mentioned courses. In addition, short courses were also run with a total of 621 students enrolled. 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 2021

The Islamic College is inspected on a regular basis by external monitoring organisations such as The Quality Assurance Agency for Higher Education (QAA), Office for Students (OFS) and The Department of Business, Innovation and Skills (BIS).

The College had its most recent QAA visit completed in November 2017. During its visit, the QAA review team made an assessment and confirmed that the academic standard of awards and the quality of student learning opportunities offered by The Islamic College met their expectations and the provider is making acceptable progress. The QAA review team also made some recommendations which have been implemented by The Islamic College.

The performance of the College is also reviewed by OFS 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.

The future plans of the Charity are to increase the number of students enrolled on their courses through investment in their IT infrastructures enabling them improve the means of delivering education.

Financial review

The total funds received during the year were £1,105,914 (2020: £981,365) and represent an increase of 12.69% on the 2020 income. The total funds expended were £1,050,665 (2020: £928,543) which mainly reflects the increase in line with the income of the Charity.

During the year under review, the unrestricted funds of the Charity had a surplus of £55,249 (2020: £52,822). The total funds held by the Charity at the balance sheet date stand at £13,837,160 (2020: £13,781,909).

Reserves policy

The nature of the Charity's existence means that it will exist for the foreseeable future 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 a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The trustees regard the foreseeable future as no less than twelve months following the publication of the Charity's annual financial statements. The trustees have considered the Charity's balance sheet position and reserves as at the year end, the future plans for the Charity and the impact of the current Covid-19 crisis, taking account of reasonably possible changes in the income of the Charity and are satisfied that the Charity has sufficient resources to remain in operational existence. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Future Developments

The Charity will continue with its core activities of introducing and promoting education in an Islamic environment. The main objectives for the next financial year include:

1. reaching out to wider community to promote education in Islamic environment by establishing colleges;
2. providing financial assistance to institutions involved in Islamic research and other Islamic educational activities;
3. expanding the number of potential donors within the trustees' contacts;
4. diversifying the sources of funding coming into the Charity.

The Charity also aims to provide additional training and development for staff and volunteers.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management

Constitution and Governance Code

The charity was established by a charitable trust deed on 1st July 1996 and the governance code was published. The code lays out key areas of governance together with recommended practices. The Trustees have always sought to have the highest standards of governance and are satisfied with the current governance structure addressing these areas.

Organisational structure

The trustees who served during the year and up to the date of signature of the financial statements were:

Dr I Jahangir

Dr A H Rafsanjani

Mr M Raza

(Resigned 19 February 2021)

Mr A Rashid

Dr A Alawsie

(Appointed 19 February 2021 and deceased 7 March 2022)

Dr A Hadawi

(Appointed 19 February 2021)

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.

During the year, Dr Ali Alawsie and Dr Ali Hadawi were appointed as a Trustees and Mr M Raza (an existing trustee) resigned from the Charity.

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.

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

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 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.

Remuneration policy

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. Details of trustees' and key management personnel remuneration and expenses are disclosed in note 7 to the accounts. The remunerations of the senior staff are normally reviewed annually.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Risk management

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.

COVID-19

The Covid-19 pandemic hit during the Charity's year end and continues to date. The trustees have reviewed the Charity's position and reserves as at the year end having considered the future plans for the Charity, and are of the opinion that the Charity is in a position to continue in operational existence for the foreseeable future and that the impact of Covid-19 will not have a substantial effect on the Charity.

Fundraising statement

The Charity continue to work towards diversifying its fundraising activities to enable it to raise vital funds that will create better outcomes to enhance Islamic education environment in wider community. The Trustees, along with their team, are committed to building trust with the donors and the wider community.

Alongside this, the Charity is also committed to adhering to stringent procedures relating to all aspects of its work and keeping them in line with the Code of Fundraising Practice.

Funds held as custodian trustee

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

Auditor

In accordance with the Charities Act 2011, a resolution proposing that FLS Accounting Solutions Limited T/A SP Vinshaw be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

Dr I Jahangir

Managing Trustee

Dated: 30 May 2022

IRSHAD TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees are responsible for preparing the Trustees' Report and the financial statements 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 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 year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in 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 financial statements 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.

IRSHAD TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF IRSHAD TRUST

Opinion

We have audited the financial statements of Irshad Trust (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2021 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 financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

IRSHAD TRUST

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

Opinions on other matters prescribed by the Office for Students' (OfS) terms and conditions of funding for higher education institutions and the OfS' accounts direction

In our opinion, in all material aspects:

- funds from whatever sources administered by the charity for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS' accounts direction have been met.

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

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 auditor 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 financial statements 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

IRSHAD TRUST

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities SORP, taxation legislation including compliance with data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- obtaining an understanding of the policies and procedures including internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations in order to design audit procedures that are appropriate in the circumstances (but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control).

To address the risk of fraud through management bias and override of controls, we:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates in relation to income recognition, collectability of debtors, impairment of tangible and intangible assets were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

IRSHAD TRUST

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view);

- reading the minutes of meetings of those charged with governance;

- enquiring of management as to actual and potential litigation and claims;

- reviewing correspondence with Charity's Commission and the charity's legal advisors; and

- Concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve collusion, forgery, deliberate concealment and omissions, misrepresentations, or the override of internal control.

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

Use of our report

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.

FLS Accounting Solutions Limited T/A SP Vinshaw
Chartered Accountants
Statutory Auditor

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36 The Metro Centre
Dwight Road
Watford
WD18 9SB

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 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income and endowments from:</u>			
Donations and legacies	3	100,012	108,747
Charitable activities	4	870,284	801,491
Other income	5	135,618	71,127
Total income		1,105,914	981,365
<u>Expenditure on:</u>			
Charitable activities	6	1,050,665	928,543
Net income for the year/ Net movement in funds		55,249	52,822
Fund balances at 1 September 2020		13,781,911	13,729,087
Fund balances at 31 August 2021		13,837,160	13,781,909

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	13,388,588		13,422,726	
Current assets					
Debtors	11	433,902		317,881	
Cash at bank and in hand		68,117		145,556	
		502,019		463,437	
Creditors: amounts falling due within one year	12	(53,447)		(104,254)	
Net current assets		448,572		359,183	
Total assets less current liabilities		13,837,160		13,781,909	
Income funds					
<u>Unrestricted funds - general</u>					
General unrestricted funds	14	4,360,217		4,056,234	
Revaluation reserve	14	9,476,943		9,725,675	
		13,837,160		13,781,909	
		13,837,160		13,781,909	

The financial statements were approved by the Trustees on 30 May 2022

Dr I Jahangir
Trustee

IRSHAD TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	17		7,559		225,331
Investing activities					
Purchase of tangible fixed assets		(85,000)		(203,400)	
Net cash used in investing activities			(85,000)		(203,400)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(77,441)		21,931
Cash and cash equivalents at beginning of year			145,556		123,625
Cash and cash equivalents at end of year			68,117		145,556

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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

The financial statements 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

The trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The trustees regard the foreseeable future as no less than twelve months following the publication of the Charity's annual financial statements. The trustees have considered the Charity's balance sheet position and reserves as at the year end, the future plans for the Charity and the impact of the current Covid-19 crisis, taking account of reasonably possible changes in the income of the Charity and are satisfied that the Charity has sufficient resources to remain in operational existence. Accordingly, they have adopted going concern basis in preparing these financial statements.

The principal accounting policies, which have been applied consistently, are set out below:

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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 financial statements.

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

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Income

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

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 on receipt.

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 Expenditure

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.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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 buildings	Over 50 years
Improvements to buildings	Over 50 years
Fixtures and fittings	33% Reducing balance basis
Computers	33% Reducing balance basis
Motor vehicles	25% Straight line basis

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.

1.7 Heritage assets

Heritage assets are recognised on the balance sheet and initially measured at cost when purchased or if donated, their valuation. Assets are subsequently stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Fair values for donated assets are estimated by reference to market prices.

Where information on the cost or valuation of heritage assets is not available or the cost of providing such information significantly outweighs any benefit to the users of the accounts then heritage assets are not recognised on the balance sheet.

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geophysical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

1.8 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).

1.9 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.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Accounting for financial assets and financial liabilities' of Charities SORP 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.

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.

1.11 Taxation

The Charity is able to take advantage of the exemptions from taxation on income and gains available to charities and accordingly no taxation is payable on the net incoming resources.

1.12 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.

1.13 Retirement benefits

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

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants received by the Charity relate to Coronavirus Job Retention (Furlough) Scheme.

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.

3 Donations and legacies

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Donations and gifts	100,012	108,747

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4 Charitable activities

	Tuition fees 2021 £	Tuition fees 2020 £
Fee income taught awards	578,775	532,712
Fee income non-qualifying courses	225,853	142,998
Other income	65,656	125,781
	<u>870,284</u>	<u>801,491</u>

The College did not receive any grant income from Office for Students or other bodies except for £135,618 (2020:- £71,127) received from the government under the Corona Virus Job Retention Scheme.

5 Other income

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Coronavirus Job Retention Scheme Grants	135,618	71,127

6 Charitable activities

	Charitable Expenditure Heading 1 2021 £	Charitable Expenditure Heading 1 2020 £
Staff costs	656,236	541,658
Education	87,955	102,213
Publication	25,616	22,172
	<u>769,807</u>	<u>666,043</u>
Share of support costs (see note 7)	258,916	247,694
Share of governance costs (see note 7)	21,942	14,806
	<u>1,050,665</u>	<u>928,543</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Depreciation	119,138	-	119,138	122,265	-	122,265
Printing and stationery	5,559	-	5,559	5,035	-	5,035
Computer support	8,372	-	8,372	10,506	-	10,506
Insurance	20,854	-	20,854	21,573	-	21,573
Telephone	10,432	-	10,432	9,473	-	9,473
Other	94,561	-	94,561	78,842	-	78,842
Audit fees	-	4,860	4,860	-	5,280	5,280
Legal and professional	-	17,082	17,082	-	9,526	9,526
	<u>258,916</u>	<u>21,942</u>	<u>280,858</u>	<u>247,694</u>	<u>14,806</u>	<u>262,500</u>
Analysed between						
Charitable activities	<u>258,916</u>	<u>21,942</u>	<u>280,858</u>	<u>247,694</u>	<u>14,806</u>	<u>262,500</u>

Governance costs include payments to the auditors of £4,860 (2020- £5,280) for statutory audit fees.

8 Trustees' and key management personnel remuneration and expenses

None of the Trustees have been paid any remuneration, received any benefits or been paid any expenses by the charity for being trustees.

During the year, Mr M Raza received the fees of £13,032 (2020: £8,601) for lecturing students. He resigned as trustee on 19 February 2021.

Also during the year, Dr I Jahangir received the fees of £22,800 (2020: £15,319) for lecturing students.

There were no disclosable transactions undertaken with the trustees during the year ended 31 August 2021 except as stated above.

The aggregate remuneration of key management personnel was £52,800 (2020: £52,800).

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	27	25
Employment costs	2021 £	2020 £
Wages and salaries	607,007	498,319
Social security costs	37,065	31,839
Other pension costs	12,164	11,500
	656,236	541,658

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

Office for students staff disclosures

There were no members of staff with a full time equivalent basic salary over £100,000 per annum.

Dr Isa Jahangir, Principal and trustee, received the following remuneration:

	2021 £	2020 £
Basic Salary before any salary sacrifice	22,800	22,800
Employer pension contribution	684	684
Salary sacrifice arrangements	-	-
Total package	23,484	23,484

The pay ratios that need to be disclosed are as follows:-

(i) The head of the provider's basic salary is 1.01 times the median pay of staff (2020:- 1.14), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

(ii) The head of the provider's total remuneration is 0.96 times the median total remuneration of staff (2020:- 1.08), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Tangible fixed assets	Freehold buildings £	Improvements to buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2020	13,500,000	229,872	172,941	255,922	20,100	14,178,835
Additions	-	85,000	-	-	-	85,000
At 31 August 2021	13,500,000	314,872	172,941	255,922	20,100	14,263,835
Depreciation and impairment						
At 1 September 2020	324,000	1,508	170,014	241,162	19,425	756,109
Depreciation charged in the year	108,000	4,568	975	4,920	675	119,138
At 31 August 2021	432,000	6,076	170,989	246,082	20,100	875,247
Carrying amount						
At 31 August 2021	13,068,000	308,796	1,952	9,840	-	13,388,588
At 31 August 2020	13,176,000	228,364	2,927	14,760	675	13,422,726

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Tangible fixed assets

(Continued)

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

	2021 £	2020 £
Freehold	8,100,000	8,100,000

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 £675 (2020 - £5,025) for the year.

	2021 £	2020 £
Motor vehicles	-	675

Land and buildings 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 2021, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £3,899,923 (2020 - £3,865,313).

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Tuition fees receivable	292,137	296,299
Other debtors	74	73
Prepayments and accrued income	141,691	21,509
	433,902	317,881

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	10,683	29,682
Trade creditors	22,743	28,476
Other creditors	9,303	9,619
Accruals and deferred income	10,718	36,477
	53,447	104,254

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Deferred Income included in creditors due within one year

	2021 £	2020 £
As at 1 September	31,197	20,354
Additions during the year	5,438	31,197
Amounts released to income	(31,197)	(20,354)
	<hr/>	<hr/>
As at 31 August	5,438	31,197
	<hr/>	<hr/>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

14 Unrestricted funds - General

These are unrestricted funds which are material to the charity's activities made up as follows:

	Balance at 1 September 2019 £	Movement in funds			Balance at 1 September 2020 £	Movement in funds			Balance at 31 August 2021 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Revaluations, gains and losses £	
Unrestricted funds	4,003,412	981,365	(928,543)	-	4,056,234	1,105,914	(1,050,665)	248,732	4,360,215
Revaluation reserve	9,725,675	-	-	-	9,725,675	-	-	(248,732)	9,476,943
	-	981,365	(928,543)	-	-	1,105,914	(1,050,665)	-	-

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

15 COVID-19

The Covid-19 pandemic hit during the Charity's year end and continues to date. The trustees have reviewed the Charity's position and reserves as at the year end having considered the future plans for the Charity, and are of the opinion that the Charity is in a position to continue in operational existence for the foreseeable future and that the impact of Covid-19 will not have a substantial effect on the Charity.

16 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

17 Cash generated from operations	2021 £	2020 £
Surplus for the year	55,249	52,822
Adjustments for:		
Depreciation and impairment of tangible fixed assets	119,138	122,265
Movements in working capital:		
(Increase) in debtors	(116,021)	(4,294)
(Decrease)/increase in creditors	(50,807)	54,538
Cash generated from operations	7,559	225,331

18 Analysis of changes in net funds

The charity had no debt during the year.