

IRSHAD TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

IRSHAD TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Dr A H Rafsanjani Mr A Rashid Dr A Hadawi Mr S B Rizvi	(Appointed 21 November 2022)
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 2022

The trustees present their annual report and financial statements for the year ended 31 August 2022.

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.

Reference and Administrative Details

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 names of the Trustees in the period are:

Dr A H Rafsanjani
Mr A Rashid
Dr A Hadawi
Mr S B Rizvi

Names of persons holding title to property belonging to the Charity at the report approval date are:

Saied Reza Ameli
Mohsien Araki
Mohammed Saeed Bahmanpour
Mohammed Jafar Elmi
Professor Abolfazi Ezzati
Mohamed Yousuf Mazaal
Dr Walid-Al-Shahib Al-Hilli
Dr John Cooper

Objects and activities

The Charity's object 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 scholarships to individuals.

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 from 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 Islamic 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/>.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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. which 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 2021-22, a total of 106 students were enrolled on the above mentioned courses. In addition, short courses were also run with a total of 652 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 to achieve its objectives. The improvement in delivering courses is evident by the rise in pass rates and outstanding achievers over the years.

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.

Financial review

The total funds received during the year were £991,869 (2021: £1,105,914) and represent an decrease of 10.31% on the 2021 income. The total funds expended were £1,074,641 (2021: £1,050,665) which mainly reflects the increase in overall costs of running the college.

During the year under review, the unrestricted funds of the Charity had a deficit of £82,772 (2021: Surplus £55,249). The total funds held by the Charity at the balance sheet date stand at £13,754,388 (2021: £13,837,160).

The trustee's are satisfied with the financial position of the charity as at the year end.

Reserves policy

The nature of the Charity's activities 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 which equates approximately to three months of its unrestricted charitable expenditure, which amounts to £269k. 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.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 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 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.

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:

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

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

The Charity, by and large, met its objectives set last year by:

- introducing and promoting education in Islamic environment.
- giving financial assistance to institutions involved in Islamic research and scholarships to individuals.
- raising donations through Trustees' contacts.

Structure, governance and management

Constitution and Governance Code

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

Trustees may be appointed at the discretion of the existing 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.

Mr S B Rizvi was appointed as a Trustee after the year end but before signing of the financial statements and Dr I Jahangir (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, although resigned as trustee, 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 all trustees as required. This is either obtained by the trustees in their professional capacity and/or attending seminars and reading Charity Commission's publications.

IRSHAD TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 8 to the accounts. The remunerations of the senior staff are normally reviewed annually.

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.

Statement of trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and Annual Accounts in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare Financial Statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law, the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its net incoming/outgoing resources for that period. In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments 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
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions and 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. 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.

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.

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.

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

Mr A Rashid

Managing Trustee

Dated: 9 February 2023

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice), together with Charities SORP (FRS 102).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 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.

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.

IRSHAD TRUST

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

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 are 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 trustees 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 are 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the Financial Statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements. The laws and regulations we considered in this context was the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which might be fundamental to the Charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Charity for fraud. The laws and regulations we considered in this context were employment legislation, health & safety legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

IRSHAD TRUST

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

We identified the greatest risk of material impact on the Financial Statements from irregularities, including fraud, to be within the recognition of donations income, the assessment of capital vs revenue expenditure, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, analytical procedures and sample testing of income, sample testing on the posting of journals, reviewing accounting estimates and judgements for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

9 February 2023

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 section 1212 of the Companies Act 2006.

IRSHAD TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<u>Income</u>			
Donations	3	91,095	100,012
Charitable activities	4	890,882	870,284
Other income	5	9,892	135,618
Total income		<u>991,869</u>	<u>1,105,914</u>
<u>Expenditure on:</u>			
Charitable activities	6	<u>1,074,641</u>	<u>1,050,665</u>
Net (expenditure)/income for the year/ Net movement in funds		(82,772)	55,249
Fund balances at 1 September 2021		<u>13,837,160</u>	<u>13,781,911</u>
Fund balances at 31 August 2022		<u><u>13,754,388</u></u>	<u><u>13,837,160</u></u>

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10	13,436,430		13,388,588	
Current assets					
Debtors	12	296,598		433,902	
Cash at bank and in hand		78,477		68,117	
		<u>375,075</u>		<u>502,019</u>	
Creditors: amounts falling due within one year	13	<u>(57,117)</u>		<u>(53,447)</u>	
Net current assets			317,958		448,572
Total assets less current liabilities			<u>13,754,388</u>		<u>13,837,160</u>
Income funds					
General unrestricted funds	14	4,339,653		4,360,217	
Revaluation reserve	14	<u>9,414,735</u>		<u>9,476,943</u>	
			13,754,388		13,837,160
			<u>13,754,388</u>		<u>13,837,160</u>

The financial statements were approved by the Trustees on 9 February 2023

Mr A Rashid
Trustee

IRSHAD TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	17		176,910		7,559
Investing activities					
Purchase of tangible fixed assets		(166,550)		(85,000)	
Net cash used in investing activities			(166,550)		(85,000)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			10,360		(77,441)
Cash and cash equivalents at beginning of year			68,117		145,556
Cash and cash equivalents at end of year			<u>78,477</u>		<u>68,117</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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 constitution, the Charities Act 2011 and the Charities SORP 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) (second edition-October 2019)". 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 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 objects.

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.

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.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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.

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 when a student commences the course, with a provision against any tuition fee not received.

1.5 Expenditure

All expenditure is accounted for on accruals basis.

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.

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 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 the statement of financial activities.

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

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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.

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 2019 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 2022

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.

1.11 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.

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.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Donations

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Donations	91,095	100,012

4 Charitable activities

	Tuition fees 2022 £	Tuition fees 2021 £
Fee income - Taught Awards	477,613	578,775
Fee income - Non-Qualifying Courses	329,210	225,853
Fee income - Books & Journals	34,109	64,336
Fee income - Camp	49,950	1,320
	890,882	870,284

The College did not receive any grant income from Office for Students or other bodies except for £9,892 (2021: £135,618) received from the government under the Corona Virus Job Retention Scheme.

5 Other income

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Coronavirus Job Retention Scheme Grants	9,892	135,618

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

6 Charitable activities

	Charitable Expenditure 2022 £	Charitable Expenditure 2021 £
Staff costs	687,052	656,236
Education	68,494	87,955
Publication	31,852	25,616
	<u>787,398</u>	<u>769,807</u>
Support costs (see note 7)	269,368	258,916
Governance costs (see note 7)	17,875	21,942
	<u>1,074,641</u>	<u>1,050,665</u>

7 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Depreciation	118,708	-	118,708	119,138	-	119,138
Printing and stationery	5,295	-	5,295	5,559	-	5,559
Computer support	13,975	-	13,975	8,372	-	8,372
Insurance	19,721	-	19,721	20,854	-	20,854
Maintenance and cleaning	12,298	-	12,298	12,194	-	12,194
Telephone	13,087	-	13,087	10,432	-	10,432
Rates	15,440	-	15,440	14,193	-	14,193
Light and heat	48,717	-	48,717	40,357	-	40,357
Subscriptions	15,250	-	15,250	26,682	-	26,682
Staff training and refreshments	5,804	-	5,804	318	-	318
Bank and credit card charges	1,073	-	1,073	817	-	817
Audit fees	-	5,280	5,280	-	4,860	4,860
Legal and professional	4,375	8,220	12,595	9,402	7,680	17,082
	<u>269,368</u>	<u>17,875</u>	<u>287,243</u>	<u>258,916</u>	<u>21,942</u>	<u>280,858</u>

Governance costs include payments to the auditors of £5,280 (2021- £4,860) for statutory audit fees.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Trustees' and key management personnel remuneration and expenses

Key management include Trustees, Principal and the finance personnel.

None of the Trustees have been paid any remuneration, received any benefits or been paid any expenses by the charity for being trustees, except as under:

During the year, Mr Ayub Rashid received a salary and benefits of £2,775 (2021: £8,585) for lecturing students.

Also during the year, Dr I Jahangir received a salary and benefits of £24,772 (2021: £23,484) for lecturing students. He resigned as trustee on 20 November 2022.

There were no disclosable transactions undertaken with the trustees during the year ended 31 August 2022 except as stated above.

The aggregate remuneration of key management personnel was £52,800 (2021: £52,800).

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	26	27
	<hr/>	<hr/>
Employment costs	2022 £	2021 £
Wages and salaries	630,166	607,007
Social security costs	42,127	37,065
Other pension costs	14,759	12,164
	<hr/>	<hr/>
	687,052	656,236
	<hr/>	<hr/>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

9 Employees

(Continued)

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 during the year (he resigned on 20 November 2022):

	2022	2021
	£	£
Basic Salary before any salary sacrifice	24,050	22,800
Employer pension contribution	722	684
Salary sacrifice arrangements	-	-
Total package	£24,772	£23,484
	=====	=====

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

(i) The head of the provider's basic salary is 0.99 times the median pay of staff (2021: 1.01), 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 0.94 times the median total remuneration of staff (2021: 0.96), 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 2022

10 Tangible fixed assets

	Freehold buildings £	Improvements to buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2021	13,500,000	314,872	172,941	255,922	20,100	14,263,835
Additions	-	166,550	-	-	-	166,550
At 31 August 2022	13,500,000	481,422	172,941	255,922	20,100	14,430,385
Depreciation and impairment						
At 1 September 2021	432,000	6,076	170,989	246,082	20,100	875,247
Depreciation charged in the year	108,000	6,817	644	3,247	-	118,708
At 31 August 2022	540,000	12,893	171,633	249,329	20,100	993,955
Carrying amount						
At 31 August 2022	12,960,000	468,529	1,308	6,593	-	13,436,430
At 31 August 2021	13,068,000	308,796	1,952	9,840	-	13,388,588

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

10 Tangible fixed assets

(Continued)

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

	2022 £	2021 £
Freehold	8,100,000	8,100,000

Land and buildings were revalued on 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 2022, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £3,847,245 (2021 - £3,899,854).

11 Heritage assets

The Charity has a library of Islamic books which constitute Heritage Assets. These assets are held at a £Nil value (2021: £Nil).

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Tuition fees receivable	256,230	292,137
Other debtors	-	74
Prepayments and accrued income	40,368	141,691
	<u>296,598</u>	<u>433,902</u>

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	10,760	10,683
Trade creditors	22,890	22,743
Other creditors	2,685	9,303
Accruals and deferred income	20,782	10,718
	<u>57,117</u>	<u>53,447</u>

Other creditors include pensions payable of £2,685 (2021: £2,750).

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

14 Deferred Income included in creditors due within one year

	2022 £	2021 £
As at 1 September	5,438	31,197
Additions during the year	13,897	5,438
Amounts released to income	(5,438)	(31,197)
	<hr/>	<hr/>
As at 31 August	13,897	5,438
	<hr/>	<hr/>

Deferred income relates to payments on account for future courses.

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Unrestricted funds - General

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

	Movement in funds					Movement in funds				
	Balance at 1 September 2020	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 1 September 2021	Incoming resources	Resources expended	Revaluations, gains and losses	Balance at 31 August 2022
	£	£	£	£	£	£	£	£	£	£
Unrestricted funds	4,056,236	1,105,914	(1,050,665)	-	248,732	4,360,217	991,869	(1,074,641)	62,208	4,339,653
Revaluation reserve	9,725,675	-	-	-	(248,732)	9,476,943	-	-	(62,208)	9,414,735
	<u>13,781,911</u>	<u>1,105,914</u>	<u>(1,050,665)</u>	<u>-</u>	<u>-</u>	<u>13,837,160</u>	<u>991,869</u>	<u>(1,074,641)</u>	<u>-</u>	<u>13,754,388</u>

IRSHAD TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

16 Related party transactions

There were no disclosable related party transactions during the year other than those disclosed in Note 8.

17 Cash generated from operations	2022 £	2021 £
(Deficit)/surplus for the year	(82,772)	55,249
Adjustments for:		
Depreciation and impairment of tangible fixed assets	118,708	119,138
Movements in working capital:		
Decrease/(increase) in debtors	137,304	(116,021)
Increase/(decrease) in creditors	3,670	(50,807)
Cash generated from operations	176,910	7,559

18 Analysis of changes in net funds

The charity had no debt during the year.