

Charity registration number: 1064239

Muslim Education Association - Rochdale

Annual Report and Financial Statements

for the Year Ended 31 March 2021

Muslim Education Association - Rochdale

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Muslim Education Association - Rochdale

Reference and Administrative Details

Trustees	Mr S Ahmed
	Mr J Kashif
	Mrs S Javed
	Mr M Zarafat
Principal Office	36 Taylor Street Rochdale OL12 0HX
Charity Registration Number	1064239
Independent Examiner	Mr A M Salim M Salim & Co. 51 Lord Street Manchester M3 1HE

Muslim Education Association - Rochdale

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2021.

Objectives and activities

Public benefit

To advance the education of young people under the age of 21 in accordance with the faith of Islam, via the provision of a boys and girls school aged 11 to 16. Additional provision for vocational training for persons aged 17 to 21 years of age.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Structure, governance and management

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

Cash flow risk

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

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

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

The annual report was approved by the trustees of the charity on 31 July 2023 and signed on its behalf by:

Muslim Education Association - Rochdale

Trustees' Report

A handwritten signature in black ink, appearing to be 'S Ahmed', written over a dotted line.

Mr S Ahmed
Trustee

Muslim Education Association - Rochdale

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

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

Approved by the trustees of the charity on 31 July 2023 and signed on its behalf by:



Mr S Ahmed
Trustee

Muslim Education Association - Rochdale

Independent Examiner's Report to the trustees of Muslim Education Association - Rochdale

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2021 which are set out on pages 6 to 17.

Respective responsibilities of trustees and examiner

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

I report in respect of my examination of the Muslim Education Association - Rochdale's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

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

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

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

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

A. M. SALIM

Mr A M Salim

M Salim & Co.
51 Lord Street
Manchester
M3 1HE

31 July 2023

Muslim Education Association - Rochdale

Statement of Financial Activities for the Year Ended 31 March 2021

	Note	Unrestricted funds £	Total 2021 £
Income and Endowments from:			
Donations and legacies		551,038	551,038
Total income		551,038	551,038
Expenditure on:			
Raising funds		(468,290)	(468,290)
Charitable activities		(95,014)	(95,014)
Total expenditure		(563,304)	(563,304)
Net expenditure		(12,266)	(12,266)
Net movement in funds		(12,266)	(12,266)
Reconciliation of funds			
Total funds brought forward		414,304	414,304
Total funds carried forward	13	402,038	402,038

All of the charity's activities derive from continuing operations during the above period.


The notes on pages 8 to 17 form an integral part of these financial statements.

Muslim Education Association - Rochdale

(Registration number: 1064239)
Balance Sheet as at 31 March 2021

	Note	2021 £
Fixed assets		
Tangible assets	10	422,064
Current assets		
Cash at bank and in hand	11	21,176
Creditors: Amounts falling due within one year	12	<u>(41,202)</u>
Net current liabilities		<u>(20,026)</u>
Net assets		<u>402,038</u>
Funds of the charity:		
Unrestricted income funds		
Unrestricted funds		<u>402,038</u>
Total funds	13	<u>402,038</u>

The financial statements on pages 6 to 17 were approved by the trustees, and authorised for issue on 31 July 2023 and signed on their behalf by:


.....
Mr S Ahmed
Trustee

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Muslim Education Association - Rochdale meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Exemption from preparing a cash flow statement

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

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

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

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £0.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

Cash and cash equivalents

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

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

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

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

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Notes to the Financial Statements for the Year Ended 31 March 2021

Derivative financial instruments

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

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

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2 Income from donations and legacies

	Unrestricted funds General £	Total funds £
Donations and legacies;		
Donations from individuals	434,755	434,755
Grants, including capital grants;		
Government grants	116,283	116,283
Total for 2021	551,038	551,038

3 Expenditure on raising funds

a) Costs of trading activities

	Unrestricted funds General £	Total funds £
	Note	
Costs of goods sold	34,712	34,712
Total for 2021	34,712	34,712

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

b) Investment management costs

	Note	Unrestricted funds General £	Total funds £
Allocated support costs		1,729	1,729
Total for 2021		<u>1,729</u>	<u>1,729</u>
			Total costs £

4 Expenditure on charitable activities

	Note	Unrestricted funds General £	Total funds £
Governance costs		95,014	95,014
			Total expenditure £

5 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total funds £
Legal fees	14,780	14,780
Other governance costs	80,234	80,234
Total for 2021	<u>95,014</u>	<u>95,014</u>

6 Net incoming/outgoing resources

Net incoming/outgoing resources for the year include:

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

2021
£

7 Trustees remuneration and expenses

8 Staff costs

The aggregate payroll costs were as follows:

2021
£

Staff costs during the year were:

Wages and salaries

431,849

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

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

9 Taxation

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

10 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 April 2020	418,031	5,762	423,793
At 31 March 2021	418,031	5,762	423,793
Depreciation			
Charge for the year	-	1,729	1,729
At 31 March 2021	-	1,729	1,729
Net book value			
At 31 March 2021	418,031	4,033	422,064
At	418,031	5,762	423,793

11 Cash and cash equivalents

	2021 £
Cash at bank	21,176

12 Creditors: amounts falling due within one year

	2021 £
Other taxation and social security	27,647
Other creditors	11,500
Accruals	2,055
	41,202

13 Funds

Muslim Education Association - Rochdale

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Unrestricted funds				
General	<u>414,304</u>	<u>551,038</u>	<u>(563,304)</u>	<u>402,038</u>

14 Analysis of net assets between funds

	Unrestricted funds General £	Total funds at 31 March 2021 £
Tangible fixed assets	422,064	422,064
Current assets	21,176	21,176
Current liabilities	<u>(41,202)</u>	<u>(41,202)</u>
Total net assets	<u>402,038</u>	<u>402,038</u>

Muslim Education Association - Rochdale

Statement of Financial Activities by fund for the Year Ended 31 March 2021

	Total Unrestricted Funds 2021 £
Income and Endowments from:	
Donations and legacies	551,038
Total income	<u>551,038</u>
Expenditure on:	
Raising funds	(468,290)
Charitable activities	<u>(95,014)</u>
Total expenditure	<u>(563,304)</u>
Net expenditure	<u>(12,266)</u>
Net movement in funds	(12,266)
Reconciliation of funds	
Total funds brought forward	<u>414,304</u>
Total funds carried forward	<u><u>402,038</u></u>

Muslim Education Association - Rochdale

Detailed Statement of Financial Activities for the Year Ended 31 March 2021

	Total 2021 £
<i>Donations and legacies</i>	
Appeals and donations	434,755
UK Government grants	116,283
	<u>551,038</u>
<i>Raising funds</i>	
Purchases	(34,712)
Wages and salaries	(431,849)
Depreciation of fixtures and fittings	(1,729)
	<u>(468,290)</u>
<i>Charitable activities</i>	
Rent and rates	(9,715)
Light, heat and power	(15,554)
Insurance	(8,676)
Repairs and maintenance	(28,514)
Telephone and fax	(1,464)
Computer software and maintenance costs	(6,622)
Printing, postage and stationery	(7,898)
Sundry expenses	(566)
Cleaning	(1,225)
Consultancy fees	(14,780)
	<u>(95,014)</u>