

Fountains Of Knowledge
Unaudited Financial Statements
31 March 2021

Fountains Of Knowledge

Financial Statements

Year ended 31 March 2021

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Fountains Of Knowledge

Trustees' Annual Report

Year ended 31 March 2021

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 March 2021.

Reference and administrative details

Registered charity name	Fountains Of Knowledge
Charity registration number	1096607
Principal office	35 Norfolk Street Nelson Lancashire BB9 7SY

The trustees

Mr I Ashraf
Mr S Ghani
Mr S Rana
Mr M A Razzaq

Independent examiner	HLA Accountants 21 Hyde Park Road Leeds LS6 1PY
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Structure, governance and management

Fountains of Knowledge is a registered UK Charity constituted on 2 January 2003 under charity number 1090667. It is an unincorporated charity. The governing document is a Trust Deed

Objectives and activities

To promote the knowledge of the Islamic faith as portrayed in the authentic sources of Islam.

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Trustees' Annual Report *(continued)*

Year ended 31 March 2021

Achievements and performance

Background

The primary objective of Fountains of Knowledge is to promote the knowledge of the Islamic faith as portrayed in the authentic sources of Islam which encourages social responsibility, tolerance and inclusion for all. In accordance with these objectives, Fountains of Knowledge has been disseminating information clarifying Islam's position against extremism. The charity has also focused on establishing schools and organising a range of activities to meet the diverse needs of the local community such as: training, youth development, residential trips, visits to the elderly, sports and fitness, counselling, mental health awareness. The charity has developed excellent relations with the local council, schools, police, fire and health services.

Annual Summaries

In 2007, the charity purchased a disused and dilapidated warehouse and converted it into a primary school which opened in 2010 and went on to obtain the 'Outstanding' grading by Ofsted. In 2015, the charity purchased a second building. After refurbishment and planning permission, it opened 'Edenfield Nursery' on the ground floor of the building in 2018. In addition, the charity started offering weekend tuition in Maths, English and Science. Nelson is considered as a deprived area with many of the local children underperforming in their academic achievements. The tuition centre hopes to aid such children with extra help with their studies.

One of the key achievements for the charity in 2020 year was the opening of 'Edenfield Girls 'High School' on the first floor of the second building. The new school was registered with Ofsted and our first group of year 7 pupils were enrolled. The school also had its first Ofsted inspection and was given a 'Good' grading. The report concluded that: "Leaders have created a positive culture for learning with an expectation that only the best will do. Leaders and staff have high expectations of all pupils". The new school was welcomed by the community as a much-needed service. The charity also purchased a large third building which is adjacent to the nursery/girls' school building. The total size of the complex is approximately 10,000sqm. This is a significant advancement by the charity and a culmination of the combined efforts of the community for two decades. The new site will allow the charity to significantly expand its services to the community.

Some refurbishment started on the new building in this (2021) year. The Nursery and Girls' High School continued to expand and student numbers grew.

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Trustees' Annual Report *(continued)*

Year ended 31 March 2021

Financial review

Brief statement of the charity's policy on reserves

The charity works towards keeping a surplus in the range of £20,000 for unforeseen financial circumstances at the end of each year. The charity had a surplus as at 31 March 2021 within this range.

The trustees' annual report was approved on 26 January 2022 and signed on behalf of the board of trustees by:

Mr I Ashraf
Trustee

Fountains Of Knowledge

Independent Examiner's Report to the Trustees of Fountains Of Knowledge

Year ended 31 March 2021

I report to the trustees on my examination of the financial statements of Fountains Of Knowledge ('the charity') for the year ended 31 March 2021.

Responsibilities and basis of report

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

I report in respect of my examination of the charity's financial statements 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 the charity'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 the Association of Chartered Certified Accountants, 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 the charity as required by section 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

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

Haroon Latif FCCA
Independent Examiner

21 Hyde Park Road
Leeds
LS6 1PY

Fountains Of Knowledge

Statement of Financial Activities

Year ended 31 March 2021

		2021		2020
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	619,313	619,313	576,635
Other trading activities	5	15,749	15,749	9,450
Investment income	6	117	117	492
Total income		<u>635,179</u>	<u>635,179</u>	<u>586,577</u>
Expenditure				
Expenditure on raising funds:				
Costs of raising donations and legacies	7	444,858	444,858	387,524
Total expenditure		<u>444,858</u>	<u>444,858</u>	<u>387,524</u>
Net income and net movement in funds		<u>190,321</u>	<u>190,321</u>	<u>199,053</u>
Reconciliation of funds				
Total funds brought forward		615,399	615,399	416,346
Total funds carried forward		<u>805,720</u>	<u>805,720</u>	<u>615,399</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 7 to 14 form part of these financial statements.

Fountains Of Knowledge

Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	12	935,381	930,590
Current assets			
Debtors	13	—	8,593
Cash at bank and in hand		298,433	111,237
		<u>298,433</u>	<u>119,830</u>
Creditors: amounts falling due within one year	14	<u>428,094</u>	<u>435,021</u>
Net current liabilities		<u>129,661</u>	<u>315,191</u>
Total assets less current liabilities		<u>805,720</u>	<u>615,399</u>
Net assets		<u>805,720</u>	<u>615,399</u>
Funds of the charity			
Unrestricted funds		805,720	615,399
Total charity funds	16	<u>805,720</u>	<u>615,399</u>

These financial statements were approved by the board of trustees and authorised for issue on 26 January 2022, and are signed on behalf of the board by:

Mr I Ashraf
Trustee

The notes on pages 7 to 14 form part of these financial statements.

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Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 35 Norfolk Street, Nelson, Lancashire, BB9 7SY.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fountains Of Knowledge

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 20% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Fountains Of Knowledge

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Donations				
Fees	421,355	421,355	433,358	433,358
Donation	101,611	101,611	138,529	138,529
Gifts				
Gifts aid	—	—	4,748	4,748

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Donations and legacies *(continued)*

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Grants				
Government grant income	96,347	96,347	—	—
	<u>619,313</u>	<u>619,313</u>	<u>576,635</u>	<u>576,635</u>

5. Other trading activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Rental Income	15,749	15,749	9,450	9,450

6. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Bank interest	117	117	492	492

7. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Resources	36,692	36,692	57,395	57,395
Wages and salaries	344,682	344,682	261,828	261,828
Rates	4,708	4,708	3,106	3,106
Light and heat	14,450	14,450	21,956	21,956
Repairs & maintenance	17,952	17,952	14,877	14,877
Insurance	3,067	3,067	3,519	3,519
Accountancy	1,540	1,540	540	540
Staff Training	3,564	3,564	3,626	3,626
Depreciation	2,223	2,223	2,780	2,780
Cleaning	1,476	1,476	4,258	4,258
General expenses	1,279	1,279	2,030	2,030
Postage and stationery	44	44	38	38
Bank charges	733	733	—	—
Legal and professional fees	4,721	4,721	7,947	7,947
Telephone	2,476	2,476	2,382	2,382
Advertising	5,251	5,251	1,242	1,242
	<u>444,858</u>	<u>444,858</u>	<u>387,524</u>	<u>387,524</u>

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

8. Net income

Net income is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	<u>2,223</u>	<u>2,779</u>

9. Independent examination fees

	2021	2020
	£	£
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>1,540</u>	<u>540</u>

10. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021	2020
	£	£
Wages and salaries	<u>344,682</u>	<u>261,828</u>

The average head count of employees during the year was 47 (2020: 38).

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

11. Trustee remuneration and expenses

No Trustees have received remuneration or had expenses met by the Charity. There are no employees with emoluments above £60,000.

12. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost			
At 1 April 2020	919,471	18,228	937,699
Additions	<u>7,014</u>	<u>–</u>	<u>7,014</u>
At 31 March 2021	<u>926,485</u>	<u>18,228</u>	<u>944,713</u>
Depreciation			
At 1 April 2020	–	7,109	7,109
Charge for the year	<u>–</u>	<u>2,223</u>	<u>2,223</u>
At 31 March 2021	<u>–</u>	<u>9,332</u>	<u>9,332</u>
Carrying amount			
At 31 March 2021	<u>926,485</u>	<u>8,896</u>	<u>935,381</u>
At 31 March 2020	<u>919,471</u>	<u>11,119</u>	<u>930,590</u>

Fountains Of Knowledge

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

13. Debtors

	2021 £	2020 £
Other debtors	—	8,593

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Accruals and deferred income	82,030	—
Social security and other taxes	3,614	2,571
Other creditors	342,450	432,450
	<u>428,094</u>	<u>435,021</u>

15. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in income from donations and legacies:		
Government grants income	<u>96,347</u>	<u>—</u>

16. Analysis of charitable funds

Unrestricted funds

	At 1 April 2020 £	Income £	Expenditure £	At 31 March 2021 £
Unrestricted fund - General funds	<u>615,399</u>	<u>635,179</u>	<u>(444,858)</u>	<u>805,720</u>

	At 1 April 2019 £	Income £	Expenditure £	At 31 March 2020 £
Unrestricted fund - General funds	<u>416,346</u>	<u>586,577</u>	<u>(387,524)</u>	<u>615,399</u>

Fountains Of Knowledge

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

17. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2021 £
Tangible fixed assets	935,381	935,381
Current assets	298,433	298,433
Creditors less than 1 year	(428,094)	(428,094)
Net assets	805,720	805,720

	Unrestricted Funds £	Total Funds 2020 £
Tangible fixed assets	930,590	930,590
Current assets	119,830	119,830
Creditors less than 1 year	(435,021)	(435,021)
Net assets	615,399	615,399