

REGISTERED CHARITY NUMBER: 1108415

ABU BAKR TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

ABU BAKR TRUST

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

	Page
Trustee's Report	1
Auditor's Report	9
Statement Of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes To The Financial Statements	15
Income & Expenditure Statement	22

ABU BAKR TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their report and audited financial statements of the charity for the year ended 31 August 2023.

REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY NUMBER:	1108415
REGISTERED ADDRESS	154 -160 Wednesbury Road Walsall West Midlands WS1 4JJ
TRUSTEES	Mr Qashif Ahmed Mr Mohammad Ziaulqasimi Mrs Bushra Luqman
ACCOUNTANTS / AUDITORS	MAT Global Limited 5 Highgate Business Centre Highgate Road Birmingham B12 8EA
BANKERS	Unity Bank Metro Bank

ABU BAKR TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report and financial statements of the charity for the year ended 31 August 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 of the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Administrative Information

Trustees who have served for the year ended 31st August 2023 were as follows:

Mr Qashif Ahmed	- Trustee
Mr Mohammad Ziaulqasimi	- Trustee
Mrs Bushra Luqman	- Trustee

1. Governance, Structure and Management

Governing Document

Abu Bakr Trust was constituted as a Charitable Trust registered with the Charity Commission on 3rd March 2005 under the charity number 1108415. It is governed by a Deed of Trust dated on 7th October 2003, most recently amended on 10th October 2022.

Organisational Structure

The trustees are appointed by a resolution of the Trustees passed at a special meeting called under clause 15 of the Deed of Trust. The trustees are responsible for the day to day running of the following:

- Abu Bakr Girls School - DCSF No: 3356010 Est. 2000
- Abu Bakr Primary School (Boys and Girls mixed) Est. 2009
- Abu Bakr Boys School - DCSF No: 3356013 Est. 2006
- Abu Bakr Nursery - EY435188 Est. 2011
- Masjid Abu Bakr (Evening Part time School, Est. 1999
- Jamia Abu Bakr (Girls 16+) Est. 2002
- Alima Classes Girls (Part time Evening)
- Masjid Abu Bakr: (Mosque facilities) - Ladies Adult Classes, Funeral Services, Dars Quran (Monday), Dars Hadith (Wednesday) & Monthly Study Circles (Males & Females)
- Abu Bakr Trust Mosque Redditch (Est. July 2011) And Evening Part Time School (Est. 2013)

2. Objectives and Activities

Our Aims (Schools)

The objectives of the Charity are set out in the Charity's Trust Deed and are summarised as follows:

- To advance the education of children, in particular Muslims through the establishment and maintenance of educational establishments and mosques.

- Provide a safe, welcoming environment in which children feel confident and secure.
- Value each child as an individual, ensuring they reach their full potential academically and spiritually.
- Develop high literacy and numeracy skills.
- Encourage good behaviour, respect and the value of working together.
- Foster strong links with parents and guardians.
- Encourage open debate and creative thinking.
- Give students ample opportunity to develop leadership skills.
- Enhance a sense of belonging and strengthen commitment to society.
- Empower our students to become aspiring, effective and productive members of the British society.
- To develop students with active and creative minds, a sense of understanding and compassion for others and the courage to act on their beliefs. We stress each child's spiritual, moral, intellectual, social, emotional and physical development.

Our Schools

The primary and secondary school's current staff comprises of teachers, teaching assistants, administrators and lunch time supervisors.

Nursery

The nursery school employs on average 11 members of staff and has capacity for 61 children, all of which is taken up.

Our Aims (Mosque/Adult Education)

Abu Bakr Trust is an umbrella body for its schools, mosques & adult education.

Objectives

Our objectives are set to reflect the Islamic faith and community aims. Each year, our trustees review our objectives and activities to ensure they continue to reflect our aims. In carrying out this review, the trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit.

Our dual aims remain to provide a facility where the communities, in particular the Muslims can learn about Islamic tenets, practices and worships. The trust also aims to provide community facilities for all the inhabitants in its surrounding areas.

Our long term ambition is to build the self confidence of the Muslims in their faith and through our community facilities and activities, help make our area a peaceful, vibrant and harmonious community.

Strategies

We want to make our Mosque an accessible and welcoming venue where all Muslims, or those who wish to know more about our faith, can gather together to learn about their religion and worship. We are also fortunate to have facilities for women who want to pray at the mosque. There is now a facility available for ladies to perform Jumuah at the Masjid and also Taraweeh prayers in the month of Ramadan.

An important part of our strategy is community spiritual welfare and education. All our community facilities and activities including classes and seminars are advertised and we welcome the participation of all in our local community, Muslim and Non-Muslim alike. All of our activities are free and supported by donations.

3. Recruitment and Appointment of Trustees

The existing trustees are responsible for the recruitment of new trustees but in doing so the trustees seek the views and recommendations of both elders and community leaders. The trustees believe this approach ensures the new trustees are respected members of the faith and local communities and to ensure that good relations are fostered between the Mosque and the people of the local community that we serve.

In selecting new trustees, we seek to identify people who regularly attend events and functions organised by the charity and are willing to volunteer to help in our broader community work. Potential trustees are invited to attend trustees meetings as observers and are given more details of the charity's aims and activities and, if all agree, they are then proposed as new trustees at the subsequent trustees' meeting. This process allows consideration of the person's eligibility, personal competence, specialist knowledge and skills.

According to our knowledge, Abu Bakr Trust is amongst the very few if not the only (from Muslim charities), to appoint and have a female trustee. This will ensure that the voice of women is heard, as females in Islamic communities find it easier to approach females rather than males.

Induction and Training of Trustees

Following appointment, new trustees are introduced to their new role and given copies of the Trust Deed and a guide to the policies and procedures adopted by our charity. A number of publications from the charities commission are also provided including the guidance on charities and public benefit and on the advancement of religion for the public benefit. This ensures that new trustees are aware of the scope of their responsibilities under the Charities Act. Initially, new trustees work with an existing trustee assisting on particular activities and projects run by the charity. After satisfactory feedback from existing trustees, they are then given the task of leading a particular activity or project, reporting progress at trustees' meetings.

4. Achievements and Performance

The trustees consider the academic performance of the trust during the financial year to have been good.

Details of last Ofsted inspection for Abu Bakr Trust Schools are provided below for each school:

Abu Bakr Girls' School

- Abu Bakr Girls School
- Abu Bakr Primary School (Abu Bakr Trust)

DfE number:	335/6010
Association:	AMSUK
Date of inspection:	8 - 10 March 2022
Lead Inspector:	Wayne Simner
Age range of pupils:	4-16 years
Number enrolled:	487 Pupils
Number of pupils with a statement of special educational need:	None
Chairman:	Mr. Mohammad Ziaulqasimi
Head teacher:	Mr. Mohammed Ramzan
Address of school:	Site 1 154-160 Wednesbury Road Palfrey Walsall WS1 4JJ
	Site 2 Shelly Campus Scarborough Road Walsall WS2 9TY
Telephone number:	01922 626829 (Primary Site) 01922 612361 (Secondary Site)
Email:	info@abubakrgirlschool.org.uk

The above inspection resulted in a final "GOOD" report, with personal development area as "outstanding". Full inspection report can be viewed on Ofsted's website or at link "<https://files.ofsted.gov.uk/v1/file/50182830>".

For the academic year 2022-23, number of pupils were 342. The schools have been relocated to Wednesbury Road site. It is a small site but also the annual fee was increased which resulted in some loss of pupils on register and the fee income.

Achievements (Results)

The results structure has now been changed and scoring system is now given.

Abu Bakr Girls School - Key Performance Measures (Summer 2023):

Description	Overall Scores (Average)	Grade 5 or above English & Maths	EBACC Average Point Score
Abu Bakr Girls School	83%	48%	5.46 Scores

You can view our websites for an insight of our services & achievements.

Websites

www.abubakrgirlschool.org
www.abubakrprimaryschool.org

Abu Bakr Boys' School

DfE number: 335/6013
Association: AMSUK
Date of inspection: 28 - 30 June 2022
Lead Inspector: Eve Morris
Age range of pupils: 11-16 years
Number on roll: 120 Pupils

Number of pupils with a statement of special educational need: None

Chairman: Mr. Mohammad Ziaulqasimi
Head teacher: Monzoor Hussain

Address of school: 72 Queen Mary Street
Walsall
WS1 4AB

Telephone number: 01922 724149
Email: ABBS_admin@abubakrschool.org.uk

During the above inspection, overall effectiveness for the school resulted in an "Inadequate" report. Full inspection reports can be viewed on Ofsted's website or at link "<https://files.ofsted.gov.uk/v1/file/50195210>".

Many of Ofsted's concerns were addressed in the following inspection (February 2024), although still not a completely clear report but there is an improvement from the previous inspection. Full inspection reports can be viewed on Ofsted's website or at link "<https://files.ofsted.gov.uk/v1/file/50244325>".

The team at Abu Bakr Boys School is working hard in order to turn it around and are quite confident that they will achieve a "Good" report in the next inspection, in all the remaining assessment areas which require improvement. They have already introduced several procedures to achieve the goal.

For the academic year 2022-23, number of pupils were 103.

Achievements (Results), 2023:

GCSE	Count	9-4	9-5	9-7
ENGLISH LANGUAGE	25	80%	44%	0%
ENGLISH LITERATURE	25	52%	24%	0%
MATHEMATICS	25	68%	48%	8%
SCIENCE CORE	24	58%	21%	8%
SCIENCE ADDITIONAL	24	50%	17%	4%
RELIGIOUS STUDIES	25	52%	28%	4%
CITIZENSHIP	25	20%	8%	0%
HISTORY	23	13%	0%	0%

You can view our website for an insight of our services & achievements.

Website www.abubakrboyschool.org

Abu Bakr Nursery

Our nursery facilities provide a perfect foundation for the pupils who wish to continue their education with one of Abu Bakr Trust's schools or other independent primary/ secondary schools.

Abu Bakr Nursery has been performing incredibly well over the years. It is evident from Ofsted's inspection in November 2022, which resulted in an "Outstanding" rating in all the areas of assessment.

Registration number:	EY435188
Date of inspection:	1 - 24 Nov 2022
Lead Inspector:	Tracey Boland/ Hayley Lapworth
Age range of pupils:	1 - 4 years
Number on roll:	61 Pupils
Address of school:	150 Wednesbury Road Walsall WS1 4JJ
Telephone number:	01922 276270

Full inspection report can be viewed on Ofsted's website or at link "<https://files.ofsted.gov.uk/v1/file/50204086>".

Masjid Abu Bakr (Mosque)

Masjid Abu Bakr is a Mosque and learning centre offering the best religious (Deeni) education for all age groups.

We aim to concentrate on instilling in our pupils the desire to follow the commandments of Allah as shown by our beloved Prophet Mohammad (Peace Be Upon Him).

Adult Education

As well as providing the facilities for the five daily prayers, Masjid Abu Bakr offers the following:

- Study Circles (Daily/Monthly)
- A weekly Dars-e-Quran (every Monday)
- A weekly Dars-e-Hadith (every Wednesday)
- Monthly 3 days study circle
- Weekly study circle for sisters
- Sisters conference (Annually)
- Mens conference (Annually)

These programmes are delivered by authentic scholars who explain the Quran and Sunnah in its original formed meanings.

Evening Classes (Madrasah)

The Evening Madrasah offers a comprehensive range of standardised courses to cater for pupils/people of any age and gender which include the following:

- Part time Alima classes for girls (It includes Arabic grammar, Sarf, Nahw, Literature, Jurisprudence, Tajweed and Hifz).
- Memorisation (Hifz) of the Holy Quran.
- Qaidah classes.
- Naazirah classes. This includes a full syllabus which is taught at all ages including Fiqh, Seerat, History and Tajweed.
- Adult classes for females.
- Adult classes for males.

Funeral Facilities: The Mosque provides a complete funeral service in line with the teachings of Islam. We relieve the deceased's bereaved relatives of the burden of organising burials. We also hold special classes to teach people how to proceed with Islamic burial procedures.

Community activities

Our school halls and cabins provide a valuable educational and recreational resource to all in our local community. A wide variety of activities are organised and take place from our community centre during the school holidays and weekends.

5. Crown Works

As highlighted in Note 12, there is an amount £1.8 million related to the main mosque and prayer hall, known as Crown Works. Whilst payment has been made and contracts drafted, the final completion has yet to take place due to an architectural issue concerning the site map on the title deeds. Following a dispute with the acting solicitors we have now instructed another firm to deal with the matter to its conclusion. A further update shall be provided in the next Annual Report.

6. Other Developments

Following a thorough review of the Trust's finances and taking professional advice, the Trustees have embarked on a major program to restructure its finances. The aim of this shall be to reduce dependency on external loans, both private loans as well as secured bank lending.

The plan is to achieve this via a combination of the following:

- (i) *Outright sale of surplus freehold property*
- (ii) *Sale and leaseback of operational property (if needed)*
- (iii) *Debt renegotiation with bankers, to move away from high interest charges and fees*
- (iv) *Review of all fees for schools and madrassas to bring in line with market, whilst aiming to be charitable as far as possible.*

Significant progress has been made during 2023 and this shall be detailed in the next Annual Report. In the meantime, we humbly request all private lenders to bear with us as we navigate these difficult financial times. It is our firm intention to pay all lenders as and when funds are available.

7. Financial review

Reserves policy

The trustees have reviewed the reserves of the charity. Their policy is to hold enough funds to meet minimum of 1 month's operating costs of the trust excluding the depreciation, one off refinancing costs, loan interest and one off cost of refurbishment. The net operating cost of the trust in the year ended 31st August 2023 after excluding depreciation provision of £157,904 (2022: £243,775) and loan interest of £554,457 (2022: £394,024) was £109,691 (2022: £138,209) per month.

Principal funding sources

The charity's main source of income is a combination of school fee, madrassa fee and donations. For the year ended 31st August 2023 total donations amounted to £81,007 (2022 : £215,099). The cost of living crisis has made it difficult to continue giving at prior levels.

With regards to the funding policy, the Charity's aim is to not rely on donations but to cover its operating costs through school & madrassa fees. The level of school & madrassa fee is reviewed regularly and amendments are made as and when required. For the year ended 31st August 2023 total fee income was - School Fee £1,095,534 (2022: £1,277,241) & Mosque Fee £74,196 (2023: £341,885).

During the year, the two main school sites were disposed off and the pupils were moved over to Wednesbury Road. To comply with Ofsted's standards there were significant changes made to this site. Therefore, the Mosque activities were limited to comply with Health & Safety regulations, while the refurbishment works were being carried out. This resulted in a considerable reduction in income from mosque activities. The Trust also increased the school fee which resulted in some loss of pupils resulting in reduced school fee income.

During the year other income (including rental income) was £45,900 (2022: £57,210).

From time to time the charity draws upon private loans from the local community. These private loans to the trust are interest free, unsecured and repayable when the trust can afford to do so. The loan accounts balance at 31 August 2023 was £2,603,633 (2022: £3,579,981).

The trust draws upon bank loans. The bank loan account balance at 31 August 2023 was £237,602 (2022: £2,705,604), including payments due within 12 months. The loan was repaid with proceeds generated from property disposals.

The trust also had loans from other charities. The balance at 31 August 2023 was £267,927 (2022: £262,927).

The trust had short-term (secured) loans. The balance at 31 August 2023 was £1,156,293 (2022: £1,447,000). Some of the loan was repaid with proceeds generated from property disposals.

8. Risk Management

The trustees actively review the major risks which the charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. The trustees have also examined other operational and business risks faced by the charity and confirm that they have established systems to mitigate the significant risks.

9. Trustee's Responsibilities in relation to the Financial Statements

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

The law applicable to charities in England and Wales require the charity trustees to prepare financial statements for each 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 the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the method and principles in Charities SORP (FRS 102).
- 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 in business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011 and SORP (FRS 102). They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees for the purposes of charity law who served during the year up to the date of this report are set out on page 2.

AUDITORS

MAT Global Limited are deemed to be reappointed as the charity's auditors.

Approval on 8 August 2024 by the trustees and signed on their behalf by:



Mohammad Ziaulqasimi

ABU BAKR TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2023

Opinion

We have audited the financial statements of Abu Bakr Trust for the year ended 31st August 2023, which comprises the statement of financial activities, the balance sheet and the related notes, including a summary of 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).

In our opinion, the financial statements:

1. give a true and fair view of the state of the charity's affairs as at 31 August 2023, and of its income and expenditure for the year ended 31 August 2023;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. 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.

Material uncertainty related to going concern

We draw attention to Note 16a (private loans) in the financial statements which indicates that the Trust may struggle to meet its obligations to settle private loan demands as they fall due. This indicates that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter as related to going concern.

In auditing the financial statements, we have concluded that the trustees's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees assessment of the Trust's ability to continue to adopt the going concern basis of accounting included:

(i)	Review of cost-cutting plan	Result:	Significant reduction in overheads achieved
(ii)	Review of property disposal plan	Result:	Significant reduction in secured loans thereby reducing interest and bank charges
(iii)	Review of financial forecasts	Result:	Detailed monthly cash-flow forecast prepared and updated to take account of events
(iv)	Review of legal claim files	Result:	The Trustees are confident in amicably negotiating payment plans

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 trustees are responsible for the other information. The other information comprises, the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts & Reports) Regulations 2008 requires us to report to you if, in our opinion:

1. sufficient accounting records have not been kept;
2. the financial statements are not in agreement with the accounting records and returns; or
3. we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditors 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 the audit was considered capable of detecting irregularities including fraud

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the private education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Education Act 2011, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit. We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with Ofsted and the Trust's legal advisors.

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

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: (www.frc.org.uk/auditorresponsibilities). This description forms part of our auditor's report.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DATE: 8 August 2024



Mohammed Shabir (Senior Statutory Auditor)
MAT Global Limited
5 Highgate Business Centre
Highgate Road
Birmingham
B12 8EA

ABU BAKR TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2023**

<u>Incoming Resources</u>	Notes	Restricted Funds £	Unrestricted Funds £	TOTAL Funds 2023 £	TOTAL Funds 2022 £
Incoming Resources from generating funds:					
Voluntary Income/ Donations	2	-	81,007	81,007	215,099
Incoming Resources from Charitable activities	3	-	1,169,730	1,169,730	1,619,126
Income from other Resources	4	-	45,900	45,900	77,502
Gain on Revaluation of Investment Properties/ Asset Disposal		-	2,133,761	2,133,761	-
TOTAL INCOMING RESOURCES		-	3,430,398	3,430,398	1,911,727
<u>Resources Expended</u>					
Costs of Generating funds	5	-	79,796	79,796	113,569
Charitable Activities	6	-	1,904,821	1,904,821	2,063,493
Governance Costs	7	-	44,035	44,035	119,248
TOTAL RESOURCES EXPENDED		-	2,028,652	2,028,652	2,296,310
NET MOVEMENT IN FUNDS		-	1,401,746	1,401,746	(384,583)
<u>RECONCILIATION OF FUNDS</u>					
TOTAL FUNDS Brought forward		-	(1,369,624)	(1,369,624)	(985,041)
TOTAL FUNDS Carried forward		-	32,122	32,122	(1,369,624)

ABU BAKR TRUST

BALANCE SHEET AS AT 31 AUGUST 2023

	Notes	2023		2022	
		£	£	£	£
<u>FIXED ASSETS</u>					
Land & Buildings Including Improvements	12		7,051,343		11,132,689
Motor Vehicles			-		4,096
Equipment, Fixtures & Fittings			102,554		113,949
Investment Property	13		911,840		911,840
			<u>8,065,737</u>		<u>12,162,574</u>
<u>CURRENT ASSETS</u>					
Debtors	14	27,115		61,374	
Bank Account Balances		11,391		2,766	
Cash Account		<u>49,464</u>		<u>103,976</u>	
		87,970		168,116	
<u>LESS CREDITORS: Amounts</u>					
Falling Due Within One Year	15	<u>(1,646,034)</u>		<u>(2,065,709)</u>	
NET CURRENT (LIABILITIES) ASSETS			(1,558,064)		(1,897,593)
			<u>6,507,673</u>		<u>10,264,981</u>
<u>LESS CREDITORS: Amounts Falling</u>					
Due after more than One Year	16		<u>(2,871,560)</u>		<u>(6,548,512)</u>
TOTAL ASSETS LESS TOTAL LIABILITIES (NET ASSETS)			<u><u>3,636,113</u></u>		<u><u>3,716,469</u></u>
<u>THE FUNDS OF THE CHARITY:</u>					
<u>Revaluation Reserve</u>					
Revaluation Reserve B/fwd	18	3,603,991		5,086,093	
Revaluation Reserve For the Year			<u>3,603,991</u>		<u>5,086,093</u>
<u>Unrestricted Funds</u>					
General Purpose Funds B/Fwd	19	(1,369,624)		(985,041)	
General Purpose Funds For The Year		<u>1,401,746</u>		<u>(384,583)</u>	
			<u>32,122</u>		<u>(1,369,624)</u>
<u>Restricted Funds</u>					
Specific Funds B/fwd		NIL		NIL	
Specific Funds For the Year		<u>NIL</u>		<u>NIL</u>	
TOTAL CHARITY FUNDS			<u><u>3,636,113</u></u>		<u><u>3,716,469</u></u>

The notes at pages 15 to 21 form part of these accounts.

Approved by the Trustees on 8th August 2024 and signed on their behalf by:


 Mohammad Ziaulqasimi

ABU BAKR TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023	2022
		£	£
Net cash used in operating activities	20	(710,624)	(422,934)
Cash flows from investing activities:			
Rental income	4	45,900	57,210
Purchase of Investment property		-	-
Purchase of tangible assets	12	-	-
Proceeds from sale of assets		4,586,496	139,115
Net cash provided by investing activities		4,632,396	196,325
Cash flows from financing activities:			
Bank loan & mortgage repayments		(2,705,604)	120,293
Receipt/ (Payment) of finance		5,000	(263,000)
Receipt/ (Payment) of private loans		(976,348)	(506,771)
Receipt/ (Payment) of Short-term loans		(290,707)	884,939
Net cash provided by financing activities		(3,967,659)	235,461
Change in cash and cash equivalents in the year		(45,887)	8,852
Cash and cash equivalents brought forward		106,742	97,890
Cash and cash equivalents carried forward		60,855	106,742

ABU BAKR TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting Policies

(a) Basis of Preparation

The Financial Statements have been prepared under the historic cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are material uncertainties about the Trust's ability to continue as a going concern.

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have set aside resources for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or the terms of a specific appeal at Friday prayers or under the terms for public collection of Zakat in accordance with the teachings of Islam.

(c) Incoming recognition

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of donations at Friday prayers and grants and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognized when the charity becomes unconditionally entitled to the grant.
- Incoming resources from grants, where there are performance or service deliverables required by the terms of the grant, are accounted for as the charity earns the right to payment through its performance.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services donated by volunteers has not been included in these accounts, except where the services provided are in the nature of professional services where a fee would otherwise be charged, in which case the donated service is valued at their chargeable rate.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity is accounted for when earned.

(d) Expenditure Recognition

Liabilities are recognised as resources are expended as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(f) Allocation of overhead and support costs

Support costs include administration office functions and have been allocated to activity cost categories on a basis consistent with the use of resources, allocating property costs on floor areas, staff costs by the time spent and other costs on a measure of usage. The only exception is that no allocation of cost is made against Zakat, instead the relevant share is met from general funds of the Mosque.

(g) Costs of generating funds

Costs of generating funds are those costs incurred in attracting voluntary income, or incurred in trading activities undertaken to raise funds.

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023 (Continued)**

(h) Depreciation (Tangible fixed assets for us by the charity)

These are only capitalised when they can be used for more than a year and cost more than £250. They are valued at cost or a reasonable value on receipt. Depreciation is charged as follows:

- Porta Cabins	10% at reducing balance basis
- Motor Vehicles	20% reducing balance basis
- Office Equipment & Fixtures & Fittings	10% reducing balance basis

These are only capitalised when they can be used for more than a year and cost more than £250. It includes property improvements. They are valued at cost or a reasonable value on receipt. Depreciation is charged as follows at a revalued amount (revaluation model) on these properties:

- Land & Buildings	2% at reducing balance basis
--------------------	------------------------------

(i) Pensions

Employees of the charity are entitled to join a defined contribution "Nest Pension" scheme. The charity contribution is restricted to the minimum contributions defined by the regulatory body "Pension Regulator". The outstanding contribution at the year end is being disclosed at note 11. The costs of the defined contribution scheme are included within support costs and charged to the unrestricted funds of the charity.

2. Incoming Resources from Voluntary Income

	Restricted Funds £	Unrestricted Funds £	TOTAL 2023 £	TOTAL 2022 £
Donations (Including Friday Prayers)	NIL	81,007	81,007	215,099
	NIL	81,007	81,007	215,099

3. Incoming Resources from Charitable Activities

	Restricted Funds £	Unrestricted Funds £	TOTAL 2023 £	TOTAL 2022 £
<u>Funds from School Activities</u>				
. Girls/ Boys School fees	-	1,095,534	1,095,534	1,277,241
<u>Faith and worship (Mosque) Activities</u>				
. Evening Classes Mosque fees	-	74,196	74,196	341,885
	-	1,169,730	1,169,730	1,619,126

4. Incoming Resources from Other Resources

	Restricted Funds £	Unrestricted Funds £	TOTAL 2023 £	TOTAL 2022 £
Rental Income	-	45,900	45,900	57,210
Other Income - Recycling	-	-	-	-
Government Grants	-	-	-	20,292
	-	45,900	45,900	77,502

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023 (Continued)**

	Restricted Funds £	Unrestricted Funds £	Unrestricted Support Costs £	Total 2023 £	Total 2022 £	
5. Cost of Generating Funds	-	-	79,796	79,796	113,569	
6. Charitable activities						
Faith and worship:						
Mosque expenses	-	271,520	42,257	313,777	318,252	
Community activities:						
School expenditure	-	1,389,762	201,282	1,591,044	1,745,241	
Total charitable activities	-	1,661,282	243,539	1,904,821	2,063,493	
7. Governance costs	-	20,275	23,760	44,035	119,248	
8. Support Costs						
	Cost of Generating Funds £	Mosque £	School £	Governance £	Total 2023 £	Total 2022 £
Adminstration Expenses	11,774	33,407	88,673	23,760	157,614	174,991
Printing & Stationery	913	1,735	15,985	-	18,633	17,446
Insurance	-	3,167	9,777	-	12,944	34,039
Depreciation	67,109	3,948	86,847	-	157,904	243,775
	79,796	42,257	201,282	23,760	347,095	470,251

9. Corporation tax & Deferred tax

The charity is exempt from corporation tax on its charitable activities. Therefore, no deferred tax has been included within the accounts on gains from revaluation of assets.

10. Net incoming/(outgoing) resources for the year are stated after charging (crediting) the following:

	2023 £	2022 £
Auditors remuneration	10,800	10,800
Depreciation	157,904	243,775

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023 (Continued)**

11. Staff costs

	2023	2022
	£	£
Wages, salaries & social security costs	890,622	1,060,775
	<u>890,622</u>	<u>1,060,775</u>

	2023	2022
	£	£
Imams (Mosque Staff)	4	7
School Teachers	56	79
Administration	2	3
	<u>62</u>	<u>89</u>

No employees were paid in excess of £60,000.

Pensions

	2023
	£
As At 1 September 2022	4,684
Chargeable during the year	15,092
Paid during the year	(14,888)
As At 31 August 2023	<u>4,888</u>

Transactions with trustees

The trustees received no pay in executing their duties as trustees. However, they received remuneration for the following services:

Name	Role	Salary (£)	Expenses (£)
Mohammad Ziaulqasimi	Office Administration	-	11,574
Qashif Ahmed	Mosque/ Office Administration	9,075	200
Bushra Luqman	Casual Teacher	2,550	-

All payments are sanctioned by the Trust Deed as allowed by the Charity Commission. Had the Trust employed external individuals to fill these positions then the cost to the Trust would have been significantly higher.

During the period, numerous payments/receipts from lenders were on occasion channelled via the bank account of Mr M Ziaulqasimi and Qashif Ahmed. This was for practical purposes at the request of the lender.

A summary is set out below:

	Mr Ziaulqasimi	Mr Ahmed
	£	£
Net payments from the Trust	11,000	44,120

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023 (Continued)**

12. Fixed Assets

	Land & Buildings £	Motor Vehicle £	Office Equipment Fix. & Fittings £	Total £
<u>COST/ VALUATION</u>				
As At 1 September 2022	13,179,028	8,000	287,918	13,474,946
Additions	-	-	-	-
Revaluations	(1,482,102)	-	-	(1,482,102)
Disposals	(2,996,138)	(8,000)	-	(3,004,138)
As At 31 August 2023	8,700,788	-	287,918	8,988,706
<u>DEPRECIATION</u>				
As At 1 September 2022	2,046,339	3,904	173,969	2,224,212
Charge For Year	146,509	-	11,395	157,904
On Disposals	(543,403)	(3,904)	-	(547,307)
As At 31 August 2023	1,649,445	-	185,364	1,834,809
<u>NET BOOK VALUES</u>				
AS AT 31 August 2023	7,051,343	-	102,554	7,153,897
AS AT 31 August 2022	11,132,689	4,096	113,949	11,250,734

The Trustees are satisfied that the Land & Buildings are shown at market value. The valuations have been arrived at by reviewing the land registry local sales of similar properties by the Trustees and Management. Professional informal opinions were also obtained from local estate agents. The Trustees chose not to opt for a formal RICS based valuation as the cost estimates were excessive and were not deemed a wise allocation of funds. Coupled with this, the trustees were in the process of disposing of the larger properties and independent professional valuations would take place by the buyers agents and so this too could be reviewed and compared with. The above valuations were carried out during 2016/17 and the next valuation is planned towards the end of 2024.

Included within the above is an amount £1.8million related to the main mosque and prayer hall, known as Crown Works. Whilst the payment has been made and contracts drafted, the final completion has yet to take place due to an architectural issue concerning the site map on the title deeds.

13. Investment Property

	2023 £
Fair Value As At 1 September 2022	911,840
Disposal of Asset	-
Net gain/ loss from fair value adjustments	-
As At 31 August 2023	911,840

The basis of valuation is as noted in Note 12 above.

	2023 £	2022 £
14. Debtors		
Student Fees	6,695	41,374
Other Debtors	20,420	20,000
	27,115	61,374

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Creditors & Accruals	233,639	404,286
Bank Loan	237,602	195,871
Deposits for Disposal of Investment Properties	18,500	18,500
Credit Card Balances, Bank Overdrafts	-	52
Short-term loans (secured)	1,156,293	1,447,000
	1,646,034	2,065,709

The short-term loan is secured against following properties:

1. 39-40 Bradford Street, Walsall, WS1 3QA
2. 166 Wednesbury Road, Walsall, WS1 4JJ
3. Freehold Land on the north side - Wednesbury Road, Palfrey
4. Unit 1, Crown Works, Wednesbury Road, Walsall
5. 22 Cannon Street, Walsall, WS2 8AY
6. 29 Bradford Street, Walsall, WS1 1PN

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023 (Continued)**

**16. Creditors: Amounts falling
due after one year**

	2023	2022
	£	£
Bank Loan & Mortgage	-	2,705,604
Loans from Other Charities	267,927	262,927
Private Loans	2,603,633	3,579,981
	<u>2,871,560</u>	<u>6,548,512</u>

Bank lending totalling (2022: £2,901,475) was secured against the following properties, included within payments due in 12 months in note 15 above (2022: £195,871) and also includes instalments due after more than 5 years of (2022: £1,922,120). The bank loans have now been paid off.

1. Former Boys School, Kent Street, Walsall
2. Land to the North West of Wednesbury Road, Walsall
3. 150 Wednesbury Road, Walsall
4. 140b Wednesbury Road, Walsall
5. 162 Wednesbury Road, Walsall
6. Land on North West side of Scarborough Road, Walsall
7. Palfrey Girls School, 72 Queen Mary Street, Walsall
8. 35 Delves Crescent, Walsall
9. 66 Washwood Heath Road, Birmingham
10. 64 Broadway West, Walsall
11. Abu Bakr Girls School, Land on North West side of Scarborough Road, Walsall
12. 140 Wednesbury Road, Walsall

Loans from other charities include:

	2023	2022
	£	£
The Sarwar Foundation	5,000	-
Al Khair Foundation	50,000	50,000
Muslims in Need	23,000	23,000
The Trust Foundation	14,000	14,000
IKNM	175,927	175,927
	<u>267,927</u>	<u>262,927</u>

16a. Private Loans

Private loans to the Trust have traditionally been interest free, unsecured and repayable as and when the trust can afford to do so. All are considered to be due after five years. However, owing to mounting cash-flow problems since the Pandemic, the Trust has been unable to settle individual demands for payment as they fell due. This has led to several individuals taking legal action which were ultimately settled via Court order. This has heightened the going concern risk, although it must be mentioned that the Trust has taken positive action to mitigate this risk via substantial property sales during 2023. Furthermore, the Trustees have proactively engaged with individuals and amicably negotiated monthly payment plans.

17. Contingent Liabilities

Except as reflected in the Financial Statements, there were no Contingent Liabilities at 31 August 2023 (2022: £NIL)

18. Revaluation Reserve

	2023	2022
	£	£
As At 1st September 2022	5,086,093	5,086,093
Net gain/ (loss) from fair value adjustments	(1,482,102)	-
Net Surplus for the year	-	-
As At 31st August 2023	<u>3,603,991</u>	<u>5,086,093</u>

19. Reserves

	2023	2022
	£	£
As At 1st September 2022	(1,369,624)	(985,041)
Net Surplus for the year	1,401,746	(384,583)
As At 31st August 2023	<u>32,122</u>	<u>(1,369,624)</u>

ABU BAKR TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 AUGUST 2023**

20. Reconciliation of net movement in funds to net cash flow from operation activities

	2023	2022
	£	£
Net movement in funds	1,401,746	(384,583)
Add back depreciation charge	157,904	243,775
Add back loss on disposal of assets	4,096	1,372
Deduct gain on disposal of assets	(2,133,761)	-
Deduct income shown in investing activities	(45,900)	(57,210)
Add loss on revaluation of assets	-	-
Decrease/ (Increase) in debtors	34,259	(54,334)
Increase/ (Decrease) in creditors	(419,675)	712,985
Deduct short-term loan shown in financing activities	290,707	(884,939)
Net cash used in operating activities	<u>(710,624)</u>	<u>(422,934)</u>

21. Related Party Transactions

Other than those referred to at Note 11, there are no other transactions to report.

ABU BAKR TRUST

**INCOME & EXPENDITURE STATEMENT FOR
THE YEAR ENDED 31 AUGUST 2023**

	Restricted	Unrestricted	Total 2023 £	Total 2022 £
<u>INCOME</u>				
Donations/ Gift	-	81,007	81,007	215,099
Mosque Fee	-	74,196	74,196	341,885
School Fee	-	1,095,534	1,095,534	1,277,241
Other income	-	-	-	-
Rental Income	-	45,900	45,900	57,210
	-	1,296,637	1,296,637	1,891,435
<u>Exceptional Items</u>				
Gain on Revaluation of Investment Properties	-	-	-	-
Government Grants - Covid-19	-	-	-	20,292
Gain on Asset Disposal	-	2,133,761	2,133,761	-
	-	2,133,761	2,133,761	20,292
<u>Expenditure</u>				
<u>Mosque Expenditure</u>				
Wages	-	25,780	25,780	38,592
Insurance	-	3,167	3,167	4,000
Food, Trips & Leisure activities	-	10,957	10,957	6,780
Printing & Stationery	-	1,735	1,735	1,764
Light & Heat	-	20,569	20,569	42,129
Training, Subscriptions & Funeral Costs	-	4,295	4,295	7,200
Cleaning	-	3,332	3,332	2,195
Depreciation	-	3,948	3,948	6,094
	-	73,783	73,783	108,754
<u>School Expenditure</u>				
Teachers' Wages & Social Security Costs	-	864,842	864,842	1,022,183
Pensions	-	15,092	15,092	16,508
School Text Books/ Uniforms/ Support Costs	-	88,673	88,673	94,544
Insurance	-	9,777	9,777	30,039
Printing & Stationery	-	16,898	16,898	15,682
Light, Heat & Water	-	31,903	31,903	40,860
Equipment Rental & Software	-	31,452	31,452	32,621
Repairs & Renewals	-	49,528	49,528	59,586
Motor Vehicle & Travel Expenses	-	60	60	278
Training & Subscription	-	31,826	31,826	32,910
Bank (Mortgage/Loan) Interest	-	356,184	356,184	256,116
Cleaning	-	7,962	7,962	9,838
Depreciation	-	86,847	86,847	134,076
	-	1,591,044	1,591,044	1,745,241
<u>Administration Expenditure</u>				
Rent, Rates & Water	-	34,799	34,799	53,440
Telephone & Postage	-	5,242	5,242	3,019
Bank Charges & Interest	-	4,215	4,215	17,508
Bank (Mortgage/Loan) Interest	-	198,273	198,273	137,908
Credit Card Interest & Charges	-	-	-	256
Health & Safety	-	6,056	6,056	5,959
Loss on disposal of Asset/ Investment Property	-	4,096	4,096	1,372
Depreciation	-	67,109	67,109	103,605
	-	319,790	319,790	323,067
<u>Governance</u>				
Book-Keeping, Accountancy & Audit	-	23,760	23,760	23,760
Legal & Professional Fees	-	8,501	8,501	86,788
Trustees' Travel Expenses	-	11,774	11,774	8,700
	-	44,035	44,035	119,248
TOTAL EXPENDITURE	-	2,028,652	2,028,652	2,296,310
EXCESS INCOME OVER EXPENDITURE	-	1,401,746	1,401,746	(384,583)