

Al Huda Welfare Foundation UK
Company Limited by Guarantee
Unaudited Financial Statements
31 July 2020

TAX DIRECT LIMITED

Chartered accountants
205 Ley Street
Ilford
Essex
IG1 4BL

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Financial Statements

Year ended 31 July 2020

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Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 July 2020

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 July 2020.

Chair's report

Al Huda Welfare Foundation UK

(A company limited by guarantee)

Report of the trustees (incorporating the directors' report) for the year ended 31 August 2019 - 31st July 2020 Al Huda Welfare Foundation UK, during the year we undertook various activities and endeavours to enrich the lives of people within the community and society as a whole. A number of educational projects were initiated to help people understand the spirit of Islamic Principles and how to integrate them in one's life without upsetting the balance of the society around oneself, but rather being an agent of change to bring about a positive influence and coherent understanding of tolerance and cooperation. Educational endeavours undertaken were: Al Quran literacy project - "Taleem e Deen" The immense demand and popularity of Al Huda Welfare Foundation UK's Quran Literacy project, from the previous years, propelled Al Huda to further expand its project. This expansion has enabled us to reach even more members of the community and help change and mould their lives. The following courses were conducted:-

Reference and administrative details

| | |
|---|--|
| Registered charity name | Al Huda Welfare Foundation UK |
| Charity registration number | 1137776 |
| Company registration number | 06950828 |
| Principal office and registered office | 205 Ley Street Ilford Essex IG1 4BL |

The trustees

Mrs Bilkis Sarodia
Mrs Roohi Jamshed Chughtai

Accountants

Tax Direct Limited
Chartered accountants
205 Ley Street
Ilford
Essex
IG1 4BL

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

Objectives and activities

Objectives:

" To build relationship and strengthen the ties with neighbours and the local authorities." To support the organisation and raise funds

" To support local and leading charities with fund raising

" To bring the community together, by offering free events, services and distributing gifts on special occasions " To raise awareness of Islamic culture and teachings through depicting positive illustrations within the society " New Muslim Sisters

" Annual Eid Party

" Food bank

" IT & English Language

" Season greetings gifts

" Guest speakers

" Annual Spring Fun Day

" Ramadan Gifts

" Cancer Research Big Breakfast

" Social Welfare

" Mac Millan coffee Morning

" Coffee Morning & English Language Classes

Food Bank

We collaborated with a local charity to establish a food bank. Every month, a member of food bank collects food from our premises for the deprived members of the community, which had been donated through our students and friends. Our aim is to promote charity in a way to make society healthy and to provide support for those in need. This help builds a trust and relationship in the community. We also held our own Food Bank on our premises every Sundays giving out free tinned/boxed food donations which was much in demand due to the pandemic.

McMillan Coffee morning

We were unable to carry out the McMillan Coffee mornings due to the Covid-19 pandemic and Government restrictions on social distancing. In normal times this is one of the biggest fund raising of this charity, which is to arrange coffee mornings once a year during autumn seasons. The whole country gets involved by holding coffee mornings at organisations, schools, homes etc. At Al Huda we support this charity by giving it an Asian touch, by providing a variety of foods such as Asian sweets and savouries alongside cakes etc. All food is donated by the staff, students and friends. The event is open for the whole community. It is invited via word of mouth and electronic messaging to make this event a success. A generous amount of funds was raised and donated to McMillan each year. As a gesture of appreciation letters of thanks and certificates are sent by the charity. Cancer Research Big Breakfast Another leading charity that plays an important part in helping curing and eradicating this disease. Many families suffer from cancer and as a welfare organisation and a Muslim Charity, it becomes our duty to help those who suffer from such calamities. The whole community is normally involved and welcomed by strong advertisement. For this specific event breakfast invitation cards are printed and hand delivered to neighbours, to make them feel very welcomed. The whole community gathers, where women and children enjoy, socialise, eat and donate. All proceeds then go to the charity. Pleasant relations with neighbours

ALL OUR COMMUNITY PROJECTS WERE CANCELLED DUE TO THE LOCKDOWN OF COVID-19

To revive the Sunnah of our beloved Prophet Muhammad S.A.W, we keep strong ties with our neighbours. Our location is around the residential area and majority of residents are non-Muslims. Therefore, special arrangements are made to distribute Ramadan parcels and season greetings gifts around the neighbourhood. Our Ramadan packs consist of Sunnah and Quranic foods such as dates,

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

olives, honey, and so on. This provides us to spread our deen and do dawah work near the month of Ramadan. As well as make the community aware of the importance of this holy month. The neighbours are also educated about the difference in routine and worships that takes place during this month. For instance Taraweeh salah may cause some destructions and traffic congestions late at nights. As majority of neighbours are from different faiths and celebrate different festivals. As a Muslim community we want our neighbours to learn that we value their celebrations too, therefore in the beginning of a new calendar year, boxes of chocolates are distributed among the neighbours to show our good will and gesture. Muslim community regarding the educational programmes and other events that are offered at our organisation.

Annual Spring Fun Day

ALL OUR EVENTS WERE CANCELLED TO DUE THE COVID-19 LOCKDOWN.

Coffee Morning & English language Classes

As an organisation we felt that there was a gap within our community when it came to providing our services to wider community. For instance, many of our students could only communicate in their mother tongue Urdu and were reluctant to use English Language for communication. We are non discriminatory organisation, and would ideally like to involve the community as a whole to come forward and benefit from our services. We felt the need that majority of our students and staff were lacking confidence in Communication in English language, whereas living in the UK it is desirable to be able to communicate effectively in the nation's spoken language. Therefore, such classes were introduced as a beginners level and to attract the community, we offered free coffee too. This benefited the audience in two ways, they came to learn the English language at a beginners level and socialise at the same time. Students from many back grounds such as Bangladesh, Morocco, Pakistan and Algeria backgrounds joined these classes and benefited from the Free Service. IT and English Language Classes Once again upon high demand and considering the needs of our students and to serve the community. We organised IT and English Language Classes at an intermediate level, facilitating the learning of women whose first language is not English With Information technology they were taught how to operate a computer, become confident and skilled at using IT. With the increasing reliance on computers in everyday life, we wanted to give women the confidence to use computers. By combining English Language lessons with IT facilitated the more advance students to brush up their skills of English Language by managing their home works on line etc. This enabled us to go paperless and save resources, as well as our students used hands of approach to put their theory into practice. New Muslim Sisters' Classes In our community we felt the need for supporting and providing services for our new Muslim Sisters, who come into Deen and are eager to learn the new religion, they have embraced. To educate them with authentic teachings of Quran and Sunnah, and give them a platform to learn the basics of Islam, make friends and express any feelings and concerns, they are invited to attend Free classes once a week. One to one support is also provided to facilitate their learning of Quranic recitation.

Conclusion

Social Welfare department is working in partnership with other sectors internally and externally, to provide more services and serve the community at large. We are trying to improve on our current services and are introducing new projects such as fitness classes, counselling sessions, IT classes by professionals and more English Language classes in the near future. As an organisation it is our duty to establish an anti-discriminatory practice and provide access to the whole community regardless of their colour, creed and religion. At the same time, pass on our deen and carry out dawah work to bring Muslims closer to the deen and portray positive role models for non-believing society, to get them out of a mindset of stereotypes of Muslims portrayed by the media, instead show them what are the correct teachings of our deen. As the mission of our organisation is to deliver Quran in every heart and every hand.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

The above courses have enabled us to enrich the lives of adult women and young girls by inculcating in them the essence of morality and ethics of living within a society. The result of this is geared towards homogenisation of women within society, keeping in view of their rights within Islam and obligations both towards society and the creator.

DUE TO THE RECENT PANDEMIC OF COVID-19 ALHUDA WELFARE FOUNDATION UK CLOSED IN MID MARCH 2020 FOR NEARLY ALMOST 1 YEAR TO ALL ITS STAFF, STUDENTS AND ATTENDEES DURING THE UK LOCKDOWN. IT HAS SINCE BEEN COVID-19 SECURE AND IS NOW SLOWLY REOPENING ITS DOORS TO THE COMMUNITY, STAFF AND STUDENTS, ALONG WITH THE GOVERNMENT GUIDELINES.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

Strategic report

ALL OUR CLASSES RESUMED VIA ZOOM DUE TO THE COVID-19 PANDEMIC

Urdu Courses

- " Taleem al Quran Batch 3 Completion
- " Taleem al Quran Batch 4 (weekdays)
- " Fahm al Quran Batch 2 Weekdays
- " Taleem al Hadith
- " Level 1 Tajweed classes delivered in Urdu (weekdays)
- " Sahih Bukhari class on selected chapters Completion

English Courses

- " Taleem Al Quran English Batch 1 (Weekdays)
- " Taleem Al Quran English Batch 1 (Weekend)
- " Fahm Al Quran English Batch 2 (Weekdays)
- " Tajweed classes (weekdays and weekends)
- " Al Huda Weekend School for children aged between 5 - 10 and 11
- " Hifdh classes for boys
- " Tafheem Al Quran (Weekends) for teenage girls and young adults
- " Pinnacles of the Quran (weekdays)

Bangla Courses

- " Fahm al Quran weekdays

FOR MEN

- " Arabic Language courses 3 months programme
- " Learning the Quran for men 6 months beginners' programme

Taleem Al Quran - a complete Quran course, consisting of explanation of the Quran, learning to read the Arabic text of the Quran with its pronunciation rules, learning to recite selected prayers, selected subjects of rulings of the five pillars of Islam such as how to perform ablution, how to pray, rules on how to pay charity, how to perform Hajj and Umrah. Etc, Arabic Grammar as a subject.

Fahm Al Quran - a complete course consisting of brief explanation of the Quran, brief Tajweed (rules in pronunciation of the Quran), selected prayers. Saut al Quran - completion course, with explanation of the Quran, Tajweed, Arabic Grammar. Tajweed - Reciting with the correct pronunciation of the Arabic letters and words delivered in English.

Special Events

- " How to Pray - Term Break workshop for girls regarding the importance of Salah" Zakat (Giving Charity) workshop delivered in English and Urdu
- " Ramadhan Preparation 2 days' workshop delivered in English and Urdu on zoom" Ramadhan Dawra-e-Quran (listening to the translation of the entire Quran) in English and Urdu on zoom " Hajj Training workshops delivered in English and Urdu on zoom
- " Mending Relationships free 2 sessions

The above courses have enabled us to enrich the lives of adult women and young girls by inculcating in them the essence of morality and ethics of living within a society. The result of this is geared towards homogenisation of women within society, keeping in view of their rights within Islam and obligations both towards society and the creator.

Social Welfare Department

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

Al Huda Welfare Foundation UK, social welfare department plays an active part in serving the community as well as the organisation itself. This department is managed by a senior member of Staff alongside a number of volunteers and other members of staff. All members of the team work very closely with the local authority and other organisational bodies in order to provide beneficial activities and social events not only to the Muslim community, Al Huda students, but also the local community in general. The aim of this department has been to aid the organisation and local community with social, moral and educational facilities. It plays an important part to support the organisation's funding department by organising regular fundraising events. Aim:

The primary aims are to create good relationship and enhance the community spirit, not just amongst Muslims but also the wider community network.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

Achievements and performance

Food Bank

We collaborated with a local charity to establish a food bank. Every month, a member of food bank collects food from our premises for the deprived members of the community, which had been donated through our students and friends. Our aim is to promote charity in a way to make society healthy and to provide support for those in need. This help builds a trust and relationship in the community.

Mac Millan Coffee morning

Mac Millan Cancer is a leading charity in the UK who provides emotional and financial support for people suffering from cancer, as well as their families. The biggest fund raiser of this charity, is arranging coffee mornings once a year during autumn seasons. The whole country gets involved by holding coffee mornings at organisations, schools, homes etc. At AlHuda we support this charity by giving it an Asian touch, by providing a variety of foods such as Asian sweets and savouries alongside cakes etc. All food is donated by the staff, students and friends. The event is open for the whole community. It is invited via word of mouth and electronic messaging to make this event a success. A generous amount of funds are raised and donated to Mac Millan each year. As a gesture of appreciation letters of thanks and certificates are sent by the charity. Cancer Research Big Breakfast Another leading charity that plays an important part in helping curing and eradicating this disease. Many families suffer from cancer and as a welfare organisation and a Muslim Charity, it becomes our duty to help those who suffer from such calamities. Therefore, a big breakfast is held, again giving it an Asian touch and bringing in a variety of foods. The whole community is involved and welcomed by strong advertisement. For this specific event breakfast invitation cards are printed and hand delivered to neighbours, to make them feel very welcomed. The whole community gathers, where women and children enjoy, socialise, eat and donate. All proceeds then go to the charity. Pleasant relations with neighbours To revive the Sunnah of our beloved Prophet Muhammad S.A.W, we keep strong ties with our neighbours. Our location is around the residential area and majority of residents are from other faiths. Therefore special arrangements are made to distribute Ramadan parcels and season greetings gifts around the neighbourhood. Our Ramadan packs consist of Sunnah and Quranic foods such as dates, olives, honey, and so on. This provides us to spread our deen and do dawah work near the month of Ramadan. As well as make the community aware of the importance of this holy month. The neighbours are also educated about the difference in routine and worships that takes place during this month. As majority of neighbours are from different faiths and celebrate different festivals. As a Muslim community we want our neighbours to learn that we value their celebrations too, therefore in the beginning of a new calendar year, boxes of chocolates are distributed among the neighbours to show our good will and gesture. Eid party Every year after Eid Ul Fitr, we arrange to celebrate this happy occasion with friends of Al Huda and our local community. This grand event is celebrated with a great style. As a grand party hall is hired and women and children are encouraged to dress up and make special efforts. Our community looks forward to this event. All AlHuda community gathers together, as offsite classes are invited too. During this event many activities take place for entertainment purposes, as well as for fund raising auctions of gold items, expensive clothing donations are encouraged and are sold to solely raise money for our own organisation. Mini bazars are held and tables are hired by members outside the AlHuda community. This not only helps raise funds for AlHuda but also raise a greater awareness and advertisement within the Muslim community regarding the educational programmes and other events that are offered at our organisation. Annual Spring Fun Day Before Ramadan, we organised a fun day to advertise our services during Ramadan. We had many stalls selling various items such as jewellery, clothes and toys. It was a good opportunity for people to get together and do some Eid shopping in a relaxed environment. It also helped us to interact with the neighbourhood in a friendly way. Al Huda also had their own bookstall, food stall and children's activities stall which offered activities such as face painting and colouring. The food stall was very popular and all food was donated by students and friends. The day went very well and we raised £3,470 from this event. Coffee Morning & English language Classes

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

As an organisation we felt that there was a gap within our community when it came to providing our services to wider community. For instance, many of our students could only communicate in their mother tongue Urdu and were reluctant to use English Language for communication. We are non-discriminatory organisation and would ideally like to involve the community as a whole to come forward and benefit from our services. We felt the need that majority of our students and staff were lacking confidence in Communication in English language, whereas living in the UK it is desirable to be able to communicate effectively in the nation's spoken language. Therefore, such classes were introduced as a beginner's level and to attract the community, we offered free coffee too. This benefited the audience in two ways, they came to learn the English language at beginner's level and socialise at the same time. Students from many back grounds such as Bangladeshi, Moroccan, Pakistani and Algerian backgrounds joined these classes and benefited from the Free Service IT and English Language Classes Once again upon high demand and considering the needs of our students and to serve the community. We organised IT and English Language Classes at an intermediate level, facilitating the learning of women whose first language is not English With Information technology they were taught how to operate a computer, become confident and skilled at using IT. With the increasing reliance on computers in everyday life, we wanted to give women the confidence to use computers. By combining English Language lessons with IT facilitated the more advance students to brush up their skills of English Language by managing their home works on line etc. This enabled us to go paperless and save resources, as well as our students used hands of approach to put their theory into practice.

New Muslim Sisters' Classes

In our community we felt the need for supporting and providing services for our new Muslim Sisters, who come into Deen and are eager to learn the new religion, they have embraced. To educate them with authentic teachings of Quran and Sunnah, and give them a platform to learn the basics of Islam, make friends and express any feelings and concerns, they are invited to attend free classes once a week. One to one support is also provided to facilitate their learning of Quranic recitation.

Guest Speakers

At AL Huda we invite guest speakers to visit and share the knowledge and experiences with us. Often such events are catered free of charge. Conclusion

Social Welfare department is working in partnership with other sectors internally and externally, to provide more services and serve the community at large. We are trying to improve on our current services and are introducing new projects such as fitness classes, counselling sessions, IT classes by professionals and more English Language classes in the near future. As an organisation it is our duty to establish an anti-discriminatory practice and provide access to the whole community regardless of their colour, creed and religion. At the same time, pass on our deen and carry out Dawah work to bring Muslims closer to the deen and portray positive role models for non-believing society, to get them out of a mindset of stereotypes of Muslims portrayed by the media, instead show them what are the correct teachings of our deen. As the mission of our organisation is to deliver Quran in every heart and every hand. The above courses have enabled us to enrich the lives of adult women and young girls by inculcating in them the essence of morality and ethics of living within a society. The result of this is geared towards homogenisation of women within society, keeping in view of their rights within Islam and obligations both towards society and the creator.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2020

The trustees' annual report and the strategic report were approved on 1 April 2021 and signed on behalf of the board of trustees by:

Mrs Bilkis Sarodia
Trustee

Mrs Roohi Jamshed Chughtai
Trustee

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Report to the Board of Trustees on the Preparation of the Unaudited Statutory Financial Statements of Al Huda Welfare Foundation UK

Year ended 31 July 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Al Huda Welfare Foundation UK for the year ended 31 July 2020, which comprise the statement of financial activities (including income and expenditure account), statement of financial position and the related notes from the charity's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at www.accaglobal.com/en/member/professional-standards/rules-standards/acca-rulebook.html.

Our work has been undertaken in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at www.accaglobal.com/content/dam/ACCA_Global/Technical/fact/technical-factsheet-163.pdf.

TAX DIRECT LIMITED
Chartered accountants
205 Ley Street
Ilford
Essex
IG1 4BL
1 April 2021

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 July 2020

| | | 2020 | | 2019 |
|---|------|----------------|----------------|-----------------|
| | | Unrestricted | Total funds | Total funds |
| | Note | funds | | |
| | | £ | £ | £ |
| Income and endowments | | | | |
| Donations and legacies | 5 | 345,121 | 345,121 | 272,489 |
| Total income | | <u>345,121</u> | <u>345,121</u> | <u>272,489</u> |
| Expenditure | | | | |
| Expenditure on raising funds: | | | | |
| Costs of raising donations and legacies | 6 | 336,725 | 336,725 | 282,987 |
| Total expenditure | | <u>336,725</u> | <u>336,725</u> | <u>282,987</u> |
| Net income/(expenditure) and net movement in funds | | <u>8,396</u> | <u>8,396</u> | <u>(10,498)</u> |
| Reconciliation of funds | | | | |
| Total funds brought forward | | 696,927 | 696,927 | 707,425 |
| Total funds carried forward | | <u>705,323</u> | <u>705,323</u> | <u>696,927</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 14 to 21 form part of these financial statements.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Statement of Financial Position

31 July 2020

| | Note | 2020 £ | 2019 £ |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible fixed assets | 10 | 588,082 | 601,963 |
| Current assets | | | |
| Debtors | 11 | 12,862 | – |
| Cash at bank and in hand | | 110,525 | 94,978 |
| | | <u>123,387</u> | <u>94,978</u> |
| Creditors: amounts falling due within one year | 12 | <u>6,146</u> | <u>14</u> |
| Net current assets | | <u>117,241</u> | <u>94,964</u> |
| Total assets less current liabilities | | <u>705,323</u> | <u>696,927</u> |
| Net assets | | <u>705,323</u> | <u>696,927</u> |
| Funds of the charity | | | |
| Unrestricted funds | | <u>705,323</u> | <u>696,927</u> |
| Total charity funds | 14 | <u>705,323</u> | <u>696,927</u> |

For the year ending 31 July 2020 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 1 April 2021, and are signed on behalf of the board by:

Mrs Bilkis Sarodia
Trustee

Mrs Roohi Jamshed Chughtai
Trustee

The notes on pages 14 to 21 form part of these financial statements.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 July 2020

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 205 Ley Street, Ilford, Essex, IG1 4BL.

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 Companies Act 2006.

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.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of (enter name of group financial statements) which can be obtained from (enter detail). As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: (a) No cash flow statement has been presented for the company.

(b) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

3. Accounting policies *(continued)*

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.

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.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

3. Accounting policies *(continued)*

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.

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:

| | | |
|-----------------------|---|-----------------------------|
| Freehold property | - | Straight line 20 over years |
| Fixtures and fittings | - | 20% reducing balance |
| Equipment | - | 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.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

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.

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.

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.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

3. Accounting policies *(continued)*

Financial instruments *(continued)*

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

Enter your own text here to describe the nature of the guarantee of members including liability of members in case of winding up.

5. Donations and legacies

| | Unrestricted Funds £ | Total Funds 2020 £ | Unrestricted Funds £ | Total Funds 2019 £ |
|------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Donations | | | | |
| Donations and Legacies | 138,388 | 138,388 | 112,275 | 112,275 |
| Legacies | | | | |
| Books income | 7,435 | 7,435 | 6,121 | 6,121 |
| Taleem-e-Deen | 198,878 | 198,878 | 153,903 | 153,903 |
| Stall Sales | 420 | 420 | 190 | 190 |
| | <u>345,121</u> | <u>345,121</u> | <u>272,489</u> | <u>272,489</u> |

6. Costs of raising donations and legacies

| | Unrestricted Funds £ | Total Funds 2020 £ | Unrestricted Funds £ | Total Funds 2019 £ |
|---|----------------------------|--------------------------|----------------------------|--------------------------|
| Costs of raising donations and legacies | | | | |
| - Donations | 68,950 | 68,950 | 58,605 | 58,605 |
| Costs of raising donations | <u>267,775</u> | <u>267,775</u> | <u>224,382</u> | <u>224,382</u> |
| | <u>336,725</u> | <u>336,725</u> | <u>282,987</u> | <u>282,987</u> |

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

7. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

| | 2020 | 2019 |
|---------------------------------------|---------------|---------------|
| | £ | £ |
| Depreciation of tangible fixed assets | <u>52,458</u> | <u>43,664</u> |

8. Staff costs

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

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Wages and salaries | 203,264 | 128,825 |
| Social security costs | 159 | — |
| Employer contributions to pension plans | <u>774</u> | <u>215</u> |
| | <u>204,197</u> | <u>129,040</u> |

The average head count of employees during the year was 39 (2019:24). The average number of full-time equivalent employees during the year is analysed as follows:

| | 2020 | 2019 |
|--------------------------|-------------|-----------|
| | No. | No. |
| Number of staff - type 1 | 10 | 6 |
| Number of staff - type 2 | 9 | 5 |
| Number of staff - type 3 | 10 | 7 |
| Number of staff - type 4 | 7 | 4 |
| Number of staff - type 5 | <u>3</u> | <u>2</u> |
| | <u>39</u> | <u>24</u> |

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

9. Trustee remuneration and expenses

- no remuneration or other benefits from employment with the charity or a related entity were received by the trustees

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

10. Tangible fixed assets

| | Freehold property £ | Fixtures and fittings £ | Equipment £ | Total £ |
|------------------------|---------------------------|-------------------------------|----------------|----------------|
| Cost | | | | |
| At 1 August 2019 | 830,214 | 16,157 | – | 846,371 |
| Additions | – | 30,204 | 8,373 | 38,577 |
| At 31 July 2020 | <u>830,214</u> | <u>46,361</u> | <u>8,373</u> | <u>884,948</u> |
| Depreciation | | | | |
| At 1 August 2019 | 236,222 | 8,186 | – | 244,408 |
| Charge for the year | 41,511 | 9,272 | 1,675 | 52,458 |
| At 31 July 2020 | <u>277,733</u> | <u>17,458</u> | <u>1,675</u> | <u>296,866</u> |
| Carrying amount | | | | |
| At 31 July 2020 | <u>552,481</u> | <u>28,903</u> | <u>6,698</u> | <u>588,082</u> |
| At 31 July 2019 | <u>593,992</u> | <u>7,971</u> | <u>–</u> | <u>601,963</u> |

11. Debtors

| | 2020 £ | 2019 £ |
|---------------|------------------|-----------|
| Other debtors | <u>12,862</u> | <u>–</u> |

12. Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|---------------------------------|------------------|-----------|
| Accruals and deferred income | 2,751 | – |
| Social security and other taxes | 3,395 | 14 |
| | <u>6,146</u> | <u>14</u> |

13. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £774 (2019: £215).

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

14. Analysis of charitable funds

Unrestricted funds

| | At 1 August 2019 £ | Income £ | Expenditure £ | At 31 July 2020 £ |
|---------------|--------------------------|-------------|------------------|-------------------------|
| General funds | 696,927 | 345,121 | (336,725) | 705,323 |

| | At 1 August 2018 £ | Income £ | Expenditure £ | At 31 July 2019 £ |
|---------------|--------------------------|-------------|------------------|-------------------------|
| General funds | 707,425 | 272,489 | (282,987) | 696,927 |

15. Analysis of net assets between funds

| | Unrestricted Funds £ | Total Funds 2020 £ |
|----------------------------|----------------------------|--------------------------|
| Tangible fixed assets | 588,082 | 588,082 |
| Current assets | 123,687 | 123,687 |
| Creditors less than 1 year | (6,146) | (6,146) |
| Net assets | 705,623 | 705,623 |

| | Unrestricted Funds £ | Total Funds 2019 £ |
|----------------------------|----------------------------|--------------------------|
| Tangible fixed assets | 601,963 | 601,963 |
| Current assets | 94,978 | 94,978 |
| Creditors less than 1 year | (14) | (14) |
| Net assets | 696,927 | 696,927 |

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Management Information

Year ended 31 July 2020

The following pages do not form part of the financial statements.

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Detailed Statement of Financial Activities

Year ended 31 July 2020

| | 2020 £ | 2019 £ |
|---|----------------|-----------------|
| Income and endowments | | |
| Donations and legacies | | |
| Donations and Legacies | 138,388 | 112,275 |
| Books income | 7,435 | 6,121 |
| Taleem-e-Deen | 198,878 | 153,903 |
| Stall Sales | 420 | 190 |
| | <u>345,121</u> | <u>272,489</u> |
| Total income | <u>345,121</u> | <u>272,489</u> |
| Expenditure | | |
| Costs of raising donations and legacies | | |
| Wages and salaries | 203,264 | 128,825 |
| Employer's NIC | 159 | — |
| Pension costs | 774 | 215 |
| Rent | 9,900 | 10,059 |
| Rates and water | 2,271 | 4,221 |
| Light and heat | 6,970 | 6,950 |
| Repairs and maintenance | 20,893 | 51,594 |
| Insurance | 3,995 | 3,979 |
| Other motor/travel costs | 650 | 1,201 |
| Legal and professional fees | 1,440 | 1,440 |
| Telephone | 2,504 | 1,156 |
| Other office costs | 26,064 | 22,103 |
| Depreciation | 52,458 | 43,664 |
| DetailedSOFAExpenditureOnRaisingDonationsType2H | 4,103 | 7,446 |
| DetailedSOFAExpenditureOnRaisingDonationsType3H | 1,280 | 134 |
| | <u>336,725</u> | <u>282,987</u> |
| Total expenditure | <u>336,725</u> | <u>282,987</u> |
| Net income/(expenditure) | <u>8,396</u> | <u>(10,498)</u> |

Al Huda Welfare Foundation UK

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 July 2020

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Costs of raising donations and legacies | | |
| Costs of raising donations and legacies - Donations | | |
| Donations - employer's NIC | 159 | – |
| Donations - pension costs | 774 | 215 |
| Donations - light & heat | 6,970 | 6,950 |
| Donations - insurance | 3,995 | 3,979 |
| Donations - other motor/travel costs | 650 | 1,201 |
| Donations - Accountancy fee | 1,440 | 1,440 |
| Donations - telephone | 2,504 | 1,156 |
| Donations - depreciation | 52,458 | 43,664 |
| | <u>68,950</u> | <u>58,605</u> |
| Costs of raising donations | | |
| Taleem-e-Deen - wages and salaries | 203,264 | 128,825 |
| Taleem-e-Deen - rent | 9,900 | 10,059 |
| Taleem-e-Deen - rates & water | 2,271 | 4,221 |
| Legacies - repairs & maintenance | 20,893 | 51,594 |
| Taleem-e-Deen - other office costs | 26,064 | 22,103 |
| Taleem-e-Deen - Printing ,Postage and Stationary | 4,103 | 7,446 |
| Taleem-e-Deen - Bank Charges | 1,280 | 134 |
| | <u>267,775</u> | <u>224,382</u> |
| Costs of raising donations and legacies | <u>336,725</u> | <u>282,987</u> |
