

**PROJECT MALA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2009**

Charity Number 801953

PROJECT MALA
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

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PROJECT MALA
OFFICERS AND PROFESSIONAL ADVISERS

Registered charity name	Project Mala
Charity number	801953
Principal office	Town Farmhouse Church Lane Nether Poppleton York YO26 6LF
Trustees	R Garland (Chairman) P Scopes MA (Cantab) D Hopton MD FRCS N Hildred D A Robinson (Treasurer) FCA P Scott MA PGCE
Auditor	Townends Accountants Limited Chartered Accountants & Registered Auditor Fulford Lodge 1 Heslington Lane Fulford York YO10 4HW
Bankers	The Royal Bank of Scotland 6 Nessgate York YO1 9FY The Cooperative Bank P O Box 250 Delf House Southway Skelmersdale WN8 6WT

PROJECT MALA
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 MARCH 2009

The trustees present their report and the financial statements of the charity for the year ended 31 March 2009.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of officers and professional advisers on page 1 of the financial statements.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

R Garland (Chairman)
P Scopes MA (Cantab)
D Hopton MD FRCS
N Hildred
D A Robinson (Treasurer) FCA
P Scott MA PGCE

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees Recruitment and Training

Trustees are recruited as needs arise. Appointments are made with the agreement of existing trustees. Training for new trustees is given by existing trustees and officials of the charity.

Risk review

A review of the major risks to which the charity is exposed has been conducted. Systems have been established to mitigate these risks and these procedures are periodically reviewed.

OBJECTIVES AND ACTIVITIES

The Trust is operated under the Trust Deed dated 7 August 1989. The principal object of the Charity is the advancement of education and the relief of poverty amongst children in India. Project Mala has come a long way since its establishment in 1989. By 2008 we had six primary schools with over 1,000 children in full time education. It is also pleasing to know that without Project Mala these children may well have grown up illiterate.

ACHIEVEMENTS AND PERFORMANCE

Results

The results for the year are set out on page 7. Expenditure exceeded income by £15,791 (2008 income exceeded expenditure by £65,486). Income for the year decreased by £63,832. The decrease in income is mainly due to 2008 including a substantial gain on the sale of shares given to us some years ago by two supporters. Our trading subsidiary, Mala Handicrafts Limited, produced a profit before tax for the year of £5,230.

Operations in UK

In spite of the increase in our operations and children in our schools, the UK office still operates with just two part time people who we are indebted to for their loyal and hard working support. We are constantly updating our website to make the information as relevant as possible.

PROJECT MALA

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

Operations in India

The year has seen a lot of activity in India with an expansion of the project into Middle schools. Two new school buildings have been built and the total children now in full time education in Project Mala schools at the year end was 1,090 in our six Primary schools and 81 in our two Middle schools.

FINANCIAL REVIEW

Reserves policy

The trustees policy on unrestricted funds held by the charity is that funds should be used to support Project Mala schools in India. The aim is to keep a reserve of cash to ensure funding of operations for at least a year ahead.

PLANS FOR FUTURE PERIODS

Our good support from the USA continues. The small office in the USA has become more operational and we are grateful to Neville Platt who has volunteered his time and space at his home for the benefit of the charity. The income and expenditure from the USA are included in these accounts.

RESPONSIBILITIES OF THE TRUSTEES

The charity's trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROJECT MALA
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 MARCH 2009

AUDITOR

A resolution to re-appoint Townends Accountants Limited as auditor for the ensuing year will be proposed at the Annual General Meeting.

Town Farmhouse
Church Lane
Nether Poppleton
York
YO26 6LF

Signed on behalf of the trustees

R Garland
Chair of Board of Trustees

19 August 2009

PROJECT MALA
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
PROJECT MALA
YEAR ENDED 31 MARCH 2009

We have audited the financial statements of Project Mala for the year ended 31 March 2009 on pages 7 to 14, which have been prepared on the basis of the accounting policies set out on page 9.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITOR

The responsibilities of the trustees for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Trustees on page 3 .

We have been appointed auditors under section 43 of the Charities Act 1993 and report to you in accordance with that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, and whether the information given in the Trustees Annual Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

PROJECT MALA
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
PROJECT MALA *(continued)*
YEAR ENDED 31 MARCH 2009

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Fulford Lodge
1 Heslington Lane
Fulford
York
YO10 4HW

19 August 2009

TOWNENDS ACCOUNTANTS LIMITED
Chartered Accountants
& Registered Auditor

PROJECT MALA
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2009

	Total Funds 2009	Total Funds 2008
Note	£	£
INCOMING RESOURCES		
Incoming resources from generating funds:		
Voluntary income	2 13,774	94,872
Activities for generating funds	3 43	–
Investment income	4 4,543	5,396
Incoming resources from charitable activities	5 64,581	50,368
Other incoming resources	6 9,479	5,616
TOTAL INCOMING RESOURCES	<u>92,420</u>	<u>156,252</u>
RESOURCES EXPENDED		
Costs of generating funds:		
Costs of generating voluntary income	7 (11,054)	(7,807)
Charitable activities	8 (79,432)	(67,839)
Governance costs	9 (17,725)	(15,120)
TOTAL RESOURCES EXPENDED	<u>(108,211)</u>	<u>(90,766)</u>
NET (OUTGOING)/INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	10 (15,791)	65,486
OTHER RECOGNISED GAINS AND LOSSES		
Gains/(losses) on investments	<u>(27,912)</u>	<u>5,342</u>
NET MOVEMENT IN FUNDS	<u>(43,703)</u>	<u>70,828</u>
RECONCILIATION OF FUNDS		
Total funds brought forward	<u>176,109</u>	<u>105,281</u>
TOTAL FUNDS CARRIED FORWARD	<u>132,406</u>	<u>176,109</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 9 to 14 form part of these financial statements.

PROJECT MALA

BALANCE SHEET

31 MARCH 2009

	Note	2009 £	£	2008 £	£
FIXED ASSETS					
Tangible assets	12		2,448		576
Investments	13		93,026		119,130
			<u>95,474</u>		<u>119,706</u>
CURRENT ASSETS					
Debtors	15	18,988		28,632	
Cash at bank		18,701		28,412	
		<u>37,689</u>		<u>57,044</u>	
CREDITORS: Amounts falling due within one year	16	<u>(757)</u>		<u>(641)</u>	
NET CURRENT ASSETS			<u>36,932</u>		<u>56,403</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>132,406</u>		<u>176,109</u>
NET ASSETS			<u>132,406</u>		<u>176,109</u>
FUNDS					
Unrestricted income funds	18		132,406		176,109
TOTAL FUNDS			<u>132,406</u>		<u>176,109</u>

These financial statements were approved by the trustees on the 19 August 2009 and are signed on their behalf by:

R Garland
Trustee

D Hopton
Trustee

The notes on pages 9 to 14 form part of these financial statements.

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 1993.

Consolidation

In the opinion of the trustees, the charity and its subsidiary undertakings comprise a small group. The charity has therefore taken advantage of the exemption provided by Section 248 of the Charities Act 1993 not to prepare group accounts.

The directors do not consider the cost of preparing consolidated accounts justifiable and note 13 provides adequate details relating to the nature of the trading subsidiary.

Incoming resources

All income is recognised in the accounting year in which it is received.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Office Equipment - 25% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Donations			
Donations and similar incoming resources	<u>13,774</u>	<u>13,774</u>	<u>94,872</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Fundraising events	<u>43</u>	<u>43</u>	<u>—</u>

4. INVESTMENT INCOME

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Bank interest and dividends receivable	<u>4,543</u>	<u>4,543</u>	<u>5,396</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Individual child sponsorship	56,581	56,581	43,324
UNESCO	<u>8,000</u>	<u>8,000</u>	<u>7,044</u>
	<u>64,581</u>	<u>64,581</u>	<u>50,368</u>

6. OTHER INCOMING RESOURCES

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Tax refunds from Gift Aid	<u>9,479</u>	<u>9,479</u>	<u>5,616</u>

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Donations - website and newsletter costs	<u>11,054</u>	<u>11,054</u>	<u>7,807</u>

8. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Funding to India	Total Funds 2009	Total Funds 2008
	£	£	£
Distribution to overseas programme	<u>79,432</u>	<u>79,432</u>	<u>67,839</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

9. GOVERNANCE COSTS

	Unrestricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£
Audit fees	758	758	641
Sundry expenses	500	500	407
Travelling and subsistence	3,849	3,849	3,126
Bank charges and interest	454	454	496
Depreciation	931	931	604
Operating leases - Plant & Equipment	773	773	-
Foreign currency gain/loss	(1,127)	(1,127)	-
Secretarial and administration costs	8,400	8,400	7,875
Postage, stationery and telephone	2,758	2,758	1,971
Computer costs	429	429	-
	<u>17,725</u>	<u>17,725</u>	<u>15,120</u>

10. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

This is stated after charging/(crediting):

	2009	2008
	£	£
Depreciation	931	604
Auditors' remuneration:		
- audit of the financial statements	758	641
Operating lease costs:		
- Plant and machinery	773	-
Exchange (gains)/losses	<u>(1,127)</u>	<u>-</u>

11. STAFF COSTS AND EMOLUMENTS PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the trustees, during the year.

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

12. TANGIBLE FIXED ASSETS

	Office Equipment £
COST	
At 1 April 2008	2,418
Additions	<u>2,803</u>
At 31 March 2009	<u>5,221</u>
 DEPRECIATION	
At 1 April 2008	1,842
Charge for the year	<u>931</u>
At 31 March 2009	<u>2,773</u>
 NET BOOK VALUE	
At 31 March 2009	<u>2,448</u>
At 31 March 2008	<u>576</u>

13. INVESTMENTS

Movement in market value

	2009 £	2008 £
Market value at 1 April 2008	119,130	1
Acquisitions at cost	6,196	120,005
Disposals at opening book value	(4,922)	-
Net gains on revaluations in the year ended 31 March 2009	<u>(27,378)</u>	<u>(876)</u>
Market value at 31 March 2009	<u>93,026</u>	<u>119,130</u>
 Historical cost at 31 March 2009	<u>121,199</u>	<u>120,001</u>

Analysis of investments at 31 March 2009 between funds

	Total Funds 2009 £	Total Funds 2008 £
Listed investments		
UK Quoted fixed interest Securities	28,694	29,005
UK Quoted Shares	51,104	76,782
Non-UK Quoted Shares	<u>12,024</u>	<u>13,338</u>
	91,822	119,125
 Other investments		
UK Group undertakings	1	1
UK Cash held as part of Portfolio	<u>1,203</u>	<u>4</u>
	<u>1,204</u>	<u>5</u>
	<u>93,026</u>	<u>119,130</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

14. SUBSIDIARY COMPANY

The Charity owns 100% of the issued share capital of Mala Handicrafts Limited, a company registered in England. The subsidiary is used for the raising of funds for the charity through the sale of goods.

A summary of the results of the subsidiary is shown below:

	2009 £	2008 £
Turnover	15,122	24,108
Cost of sales	3,202	13,313
Gross profit	<u>11,920</u>	<u>10,795</u>
Expenses	6,690	10,579
Profit before tax	<u>5,230</u>	<u>216</u>
Taxation	1,098	43
Profit after tax	<u><u>4,132</u></u>	<u><u>173</u></u>

During the year the subsidiary repaid £6,945 of the interest free loan advanced by the charity and made donations to the charity of £Nil (2008 £4,000).

15. DEBTORS

	2009 £	2008 £
Amounts owed by group undertakings	18,988	25,932
Other debtors	—	<u>2,700</u>
	<u>18,988</u>	<u><u>28,632</u></u>

16. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Accruals	<u>757</u>	<u>641</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within 2 to 5 years	1,194	-

18. UNRESTRICTED INCOME FUNDS

	Balance at 1 April 2008	Incoming resources	Balance at 31 March 2009
	£	£	£
General Funds	176,109	(43,703)	132,406

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Net current assets	Total
	£	£	£	£
Unrestricted Income Funds	2,448	93,026	36,932	132,406
Total Funds	2,448	93,026	36,932	132,406