

PROJECT MALA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2011

Charity Number 801953

PROJECT MALA
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

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PROJECT MALA
OFFICERS AND PROFESSIONAL ADVISERS

Registered charity name	Project Mala
Charity number	801953
Principal office	25 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 Ltd Chartered Accountants & Statutory 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 2011

The trustees present their report and the financial statements of the charity for the year ended 31 March 2011.

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. We now operate 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 our income for the third year running and this year we had to dip into our reserves by £23,832 (2010 expenditure exceeded income by £15,168). This was due once again to the expansion of the schools programme in India, which was funded by proceeds of £64,840 received on disposals of several investments during the year. Our remaining investments are valued at £67,629. Our trading subsidiary, Mala Handicrafts Limited, had a successful year and repaid £2,907 to Project Mala. Subsequently Project Mala has invested in 9,999 ordinary £1 shares of Mala Handicrafts Limited and there is now a balance owed to this subsidiary at 31 March 2011 of £568 (31 March 2010: £12,337 due from Mala Handicrafts Limited).

Operations in UK and USA

Our small office in the USA has also 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.

PROJECT MALA

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

Operations in India

This year we took a momentous decision to extend our work beyond our six primary schools and two middle schools into secondary schools. The reason we decided to establish a secondary school is that we found that our brightest children could not continue their education after leaving us, as the facilities are so poor or too far away for them to go to. We now filter at grades 5 and 8 and have established a secondary school at Guria where we will take the brightest 10% of our children through to grade 12. It is a brave venture but we feel strongly that these gifted children should be given an opportunity to reach their full potential.

The new secondary school will be based at our Guria School as it is the nearest school to the city of Varanasi, where we are more likely to find the quality of teachers that we will need at this level of education. It also means that the children from the outlying villages will have to board, which is a whole new experience for us.

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.

Our website has been expanded to include a sponsor's login, where sponsors of children can log in and see photographs and school reports of the children they are sponsoring.

PLANS FOR FUTURE PERIODS

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.

PROJECT MALA

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

RESPONSIBILITIES OF THE TRUSTEES *(continued)*

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.

AUDITOR

Townends Accountants Ltd have been re-appointed as auditor for the ensuing year.

Signed on behalf of the trustees

25 Church Lane
Nether Poppleton
York
YO26 6LF

R Garland
Chair of Board of Trustees

8 September 2011

PROJECT MALA
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
PROJECT MALA
YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Project Mala for the year ended 31 March 2011 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 43 of the Charities Act 1993 and regulations made under section 44 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 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 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 (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on pages 3 to 4.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under 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 have been prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees Annual Report is not consistent with those financial statements, if the charity has not kept sufficient 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 2011

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 2011 and of its incoming resources and application of resources, for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.

Fulford Lodge
1 Heslington Lane
Fulford
York
YO10 4HW

8 September 2011

TOWNENDS ACCOUNTANTS LTD
Chartered Accountants
& Statutory Auditor

PROJECT MALA
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2011

	Note	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES			
Incoming resources from generating funds:			
Voluntary income	2	32,651	28,162
Investment income	3	3,409	4,510
Incoming resources from charitable activities	4	79,223	69,561
Other incoming resources	5	15,242	12,755
TOTAL INCOMING RESOURCES		<u>130,525</u>	<u>114,988</u>
RESOURCES EXPENDED			
Costs of generating funds:			
Costs of generating voluntary income	6	(15,507)	(11,333)
Charitable activities	7	(107,186)	(92,689)
Governance costs	8	(31,664)	(26,134)
TOTAL RESOURCES EXPENDED		<u>(154,357)</u>	<u>(130,156)</u>
NET OUTGOING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	9	(23,832)	(15,168)
OTHER RECOGNISED GAINS AND LOSSES			
Gains/(losses) on investments		(1,471)	33,357
NET MOVEMENT IN FUNDS		(25,303)	18,189
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>150,595</u>	<u>132,406</u>
TOTAL FUNDS CARRIED FORWARD		<u>125,292</u>	<u>150,595</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 2011

	Note	2011 £	£	2010 £	£
FIXED ASSETS					
Tangible assets	11		2,916		1,990
Investments	12		<u>77,629</u>		<u>129,387</u>
			80,545		131,377
CURRENT ASSETS					
Debtors	14		-	12,337	
Cash at bank			<u>46,021</u>	<u>7,587</u>	
			46,021	19,924	
CREDITORS: Amounts falling due within one year					
	15		<u>(1,274)</u>	<u>(706)</u>	
NET CURRENT ASSETS			44,747		19,218
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>125,292</u>		<u>150,595</u>
NET ASSETS			<u>125,292</u>		<u>150,595</u>
FUNDS					
Unrestricted income funds	17		<u>125,292</u>		<u>150,595</u>
TOTAL FUNDS			<u>125,292</u>		<u>150,595</u>

These financial statements were approved by the trustees on the 8 September 2011 and are signed on their behalf by:

R Garland
Trustee

D A Robinson
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 2011

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 398 of the Charities Act 1993 not to prepare group accounts.

The trustees 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

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations			
Donations and similar incoming resources	<u>32,651</u>	<u>32,651</u>	<u>28,162</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Bank interest and dividends receivable	<u>3,409</u>	<u>3,409</u>	<u>4,510</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Individual child sponsorship	<u>79,223</u>	<u>79,223</u>	<u>69,561</u>

5. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Tax refunds from Gift Aid	<u>15,242</u>	<u>15,242</u>	<u>12,755</u>

6. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations	<u>15,507</u>	<u>15,507</u>	<u>11,333</u>

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Funding to India £	Total Funds 2011 £	Total Funds 2010 £
Distribution to overseas programme	<u>107,186</u>	<u>107,186</u>	<u>92,689</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

8. GOVERNANCE COSTS

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Audit fees	657	657	578
Trustees' insurance	520	520	520
Sundry expenses	1,005	1,005	11
Travelling and subsistence	7,253	7,253	4,604
Bank charges and interest	707	707	568
Depreciation	1,043	1,043	1,086
Operating leases - Plant & Equipment	1,410	1,410	1,380
Foreign currency gain/loss	253	253	383
Secretarial and administration costs	12,000	12,000	10,250
Postage, stationery and telephone	3,501	3,501	3,877
Computer costs	3,315	3,315	2,877
	<u>31,664</u>	<u>31,664</u>	<u>26,134</u>

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

This is stated after charging:

	2011	2010
	£	£
Depreciation	1,043	1,086
Auditors' remuneration:		
- audit of the financial statements	657	578
Operating lease costs:		
- Plant and machinery	1,410	1,380
Exchange (gains)/losses	<u>253</u>	<u>383</u>

10. 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 2011

11. TANGIBLE FIXED ASSETS

	Office Equipment £
COST	
At 1 April 2010	5,849
Additions	<u>1,969</u>
At 31 March 2011	<u><u>7,818</u></u>
 DEPRECIATION	
At 1 April 2010	3,859
Charge for the year	<u>1,043</u>
At 31 March 2011	<u><u>4,902</u></u>
 NET BOOK VALUE	
At 31 March 2011	<u><u>2,916</u></u>
At 31 March 2010	<u><u>1,990</u></u>

12. INVESTMENTS

Movement in market value

	2011 £	2010 £
Market value at 1 April 2010	129,387	93,026
Acquisitions at cost	14,907	3,003
Disposals at opening book value	(65,194)	-
Net gains on revaluations in the year ended 31 March 2011	<u>(1,471)</u>	<u>33,358</u>
Market value at 31 March 2011	<u><u>77,629</u></u>	<u><u>129,387</u></u>
 Historical cost at 31 March 2011	<u><u>67,404</u></u>	<u><u>123,817</u></u>

Analysis of investments at 31 March 2011 between funds

	Total Funds 2011 £	Total Funds 2010 £
Listed investments		
UK Quoted fixed interest Securities	-	32,514
UK Quoted Shares	45,880	77,295
Non-UK Quoted Shares	<u>15,540</u>	<u>17,989</u>
	<u>61,420</u>	<u>127,798</u>
 Other investments		
UK Group undertakings	10,000	1
UK Cash held as part of Portfolio	<u>6,209</u>	<u>1,588</u>
	<u>16,209</u>	<u>1,589</u>
	<u><u>77,629</u></u>	<u><u>129,387</u></u>

PROJECT MALA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

13. 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:

	2011	2010
	£	£
Turnover	22,874	14,923
Cost of sales	20,934	6,532
Gross profit	<u>1,940</u>	<u>8,391</u>
Expenses	9,531	4,648
Profit before tax	<u>9,254</u>	<u>3,743</u>
Taxation	(786)	786
Profit after tax	<u><u>(8,468)</u></u>	<u><u>2,957</u></u>

During the year the subsidiary repaid the outstanding loan of £12,337 from Project Mala and then loaned the charity £568. This balance remained outstanding at the year end and is interest free and repayable on demand.

14. DEBTORS

	2011	2010
	£	£
Amounts owed by group undertakings	<u>-</u>	<u>12,337</u>

15. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Amounts owed to group undertakings	568	-
Accruals	<u>706</u>	<u>706</u>
	<u>1,274</u>	<u>706</u>

PROJECT MALA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the charity had annual commitments under non-cancellable operating leases as set out below.

	2011	2010
	£	£
		Assets other than Land and buildings
Operating leases which expire:		
Within 2 to 5 years	<u>1,403</u>	<u>1,403</u>

17. UNRESTRICTED INCOME FUNDS

	Balance at 1 April 2010	Incoming resources	Balance at 31 March 2011
	£	£	£
General Funds	<u>150,595</u>	<u>(25,303)</u>	<u>125,292</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Net current assets	Total
	£	£	£	£
Unrestricted Income Funds	<u>2,916</u>	<u>77,629</u>	<u>44,747</u>	<u>125,292</u>
Total Funds	<u>2,916</u>	<u>77,629</u>	<u>44,747</u>	<u>125,292</u>