

**PROJECT MALA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2012**

**Charity Number 801953**

**PROJECT MALA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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## PROJECT MALA

### OFFICERS AND PROFESSIONAL ADVISERS

<b>Registered charity name</b>	Project Mala
<b>Charity number</b>	801953
<b>Principal office</b>	25 Church Lane Nether Poppleton York YO26 6LF
<b>Trustees</b>	R Garland (Chairman) P Scopes MA (Cantab) D Hopton MD FRCS N Hildred P Scott MA PGCE
<b>Auditor</b>	Townends Accountants Limited Chartered Accountants & Statutory Auditor Fulford Lodge 1 Heslington Lane Fulford YORK YO10 4HW
<b>Bankers</b>	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 2012**

The trustees present their report and the financial statements of the charity for the year ended 31 March 2012.

**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

D A Robinson (Treasurer) FCA retired as a trustee on 9 March 2012.

**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 income by £3,991 (2011 expenditure exceeded income by £23,832). Again for the fourth year in succession we have had to dip into our reserves to maintain the level of funding we give to the project in India. This year we have seen a marked drop off of new sponsors. We feel fortunate that we are maintaining our level of sponsors in these difficult economic times.

**Operations in India**

We are pleased to report that the secondary school project is a great success. What is most noticeable is the way the children have taken to the boarding school environment. Because the school is centred at Guria, children from our other schools had to board and just return home every other weekend. What is more interesting is that the Guria children also wanted to board, so now all children who attend our secondary school board with us.

**Attendance and dropouts**

In our early years we had a high level of dropouts. These numbers have been steadily decreasing each year and last year we are pleased to report that there were no dropouts. Likewise with attendance. There used to be a high level of absentees but in the year under review we achieved 93% attendance.

## PROJECT MALA

### TRUSTEES ANNUAL REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2012

#### 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

##### Website

Our website is constantly being updated and this year we have added a schools link. We already have a number of schools who sponsor with us but now we are able to offer them an opportunity to link with the schools so they can exchange emails with the students to learn more about life in rural India.

#### 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.

#### AUDITOR

Townends Accountants LLP have been appointed as auditor for the ensuing year.

25 Church Lane  
Nether Poppleton  
York  
YO26 6LF

Signed on behalf of the trustees

R Garland  
Chair of Board of Trustees

17 July 2012

**PROJECT MALA**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF**  
**PROJECT MALA**  
**YEAR ENDED 31 MARCH 2012**

We have audited the financial statements of Project Mala for the year ended 31 March 2012 on pages 6 to 13, which have been prepared on the basis of the accounting policies set out on page 8.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and 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 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 page 3.

We have been appointed auditors under section 145 of the Charities Act 2011 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.

**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 2012 and of its incoming resources and application of resources, for the year then ended; and

**PROJECT MALA**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF**  
**PROJECT MALA** *(continued)*  
**YEAR ENDED 31 MARCH 2012**

- have been prepared in accordance with the requirements of the Charities Act 2011.

Fulford Lodge  
1 Heslington Lane  
Fulford  
YORK  
YO10 4HW

17 July 2012

TOWNENDS ACCOUNTANTS LIMITED  
Chartered Accountants  
& Statutory Auditor

**PROJECT MALA**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2012**

	Note	Total Funds 2012 £	Total Funds 2011 £
<b>INCOMING RESOURCES</b>			
Incoming resources from generating funds:			
Voluntary income	2	66,995	32,651
Investment income	3	2,335	3,409
Incoming resources from charitable activities	4	91,915	79,223
Other incoming resources	5	17,839	15,242
<b>TOTAL INCOMING RESOURCES</b>		<u>179,084</u>	<u>130,525</u>
<b>RESOURCES EXPENDED</b>			
Costs of generating funds:			
Costs of generating voluntary income	6	(18,996)	(15,507)
Charitable activities	7	(120,892)	(107,186)
Governance costs	8	(34,677)	(31,664)
<b>TOTAL RESOURCES EXPENDED</b>		<u>(174,565)</u>	<u>(154,357)</u>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>	9	4,519	(23,832)
<b>OTHER RECOGNISED GAINS AND LOSSES</b>			
(Losses) on investments		(8,510)	(1,471)
<b>NET MOVEMENT IN FUNDS</b>		(3,991)	(25,303)
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		125,292	150,595
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>121,301</u>	<u>125,292</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 8 to 13 form part of these financial statements.



**PROJECT MALA**

**BALANCE SHEET**

**31 MARCH 2012**

	Note	2012 £	£	2011 £	£
<b>FIXED ASSETS</b>					
Tangible assets	11		2,130		2,916
Investments	12		<u>66,041</u>		<u>77,629</u>
			<b>68,171</b>		<b>80,545</b>
<b>CURRENT ASSETS</b>					
Cash at bank		58,173		46,021	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(5,043)</u>		<u>(1,274)</u>	
<b>NET CURRENT ASSETS</b>			<b>53,130</b>		<b>44,747</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>121,301</b></u>		<u><b>125,292</b></u>
<b>NET ASSETS</b>			<u><b>121,301</b></u>		<u><b>125,292</b></u>
<b>FUNDS</b>					
Unrestricted income funds	16		<u><b>121,301</b></u>		<u><b>125,292</b></u>
<b>TOTAL FUNDS</b>			<u><b>121,301</b></u>		<u><b>125,292</b></u>

These financial statements were approved by the trustees on the 17 July 2012 and are signed on their behalf by:

R Garland  
Trustee

N Hildred  
Trustee

The notes on pages 8 to 13 form part of these financial statements.

**PROJECT MALA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**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 2011.

**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 the Charities Act 2011 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 2012**

**2. VOLUNTARY INCOME**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
<b>Donations</b>			
Donations and similar incoming resources	<u>66,995</u>	<u>66,995</u>	<u>32,651</u>

**3. INVESTMENT INCOME**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Bank interest and dividends receivable	<u>2,335</u>	<u>2,335</u>	<u>3,409</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Individual child sponsorship	<u>91,915</u>	<u>91,915</u>	<u>79,223</u>

**5. OTHER INCOMING RESOURCES**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Tax refunds from Gift Aid	<u>17,839</u>	<u>17,839</u>	<u>15,242</u>

**6. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Donations	<u>18,996</u>	<u>18,996</u>	<u>15,507</u>

**7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

	Funding to India £	Total Funds 2012 £	Total Funds 2011 £
Distribution to overseas programme	<u>120,892</u>	<u>120,892</u>	<u>107,186</u>

# PROJECT MALA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

### 8. GOVERNANCE COSTS

	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£
Audit fees	685	685	657
Trustees' insurance	525	525	520
Sundry expenses	-	-	1,005
Travelling and subsistence	4,152	4,152	7,253
Bank charges and interest	1,181	1,181	707
Depreciation	1,386	1,386	1,043
Operating leases - Plant & Equipment	716	716	1,410
Foreign currency gain/loss	2	2	253
Secretarial and administration costs	18,000	18,000	12,000
Postage, stationery and telephone	3,436	3,436	3,501
Computer costs	4,594	4,594	3,315
	<u>34,677</u>	<u>34,677</u>	<u>31,664</u>

### 9. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2012	2011
	£	£
Depreciation	1,386	1,043
Auditors' remuneration:		
- audit of the financial statements	685	657
Operating lease costs:		
- Plant and machinery	716	1,410
Exchange (gains)/losses	<u>2</u>	<u>253</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 2012**

**11. TANGIBLE FIXED ASSETS**

	<b>Office Equipment</b> £
<b>COST</b>	
At 1 April 2011	7,818
Additions	600
Disposals	<u>(1,500)</u>
<b>At 31 March 2012</b>	<u><b>6,918</b></u>
 <b>DEPRECIATION</b>	
At 1 April 2011	4,902
Charge for the year	1,386
On disposals	<u>(1,500)</u>
<b>At 31 March 2012</b>	<u><b>4,788</b></u>
 <b>NET BOOK VALUE</b>	
<b>At 31 March 2012</b>	<u><b>2,130</b></u>
At 31 March 2011	<u>2,916</u>

**12. INVESTMENTS**

**Movement in market value**

	<b>2012</b> £	2011 £
Market value at 1 April 2011	77,629	129,387
Acquisitions at cost	60,377	14,907
Disposals at opening book value	<u>(63,455)</u>	<u>(65,194)</u>
Net losses on revaluations in the year ended 31 March 2012	<u>(8,510)</u>	<u>(1,471)</u>
Market value at 31 March 2012	<u><b>66,041</b></u>	<u>77,629</u>
 Historical cost at 31 March 2012	<u><b>69,403</b></u>	<u>67,404</u>

**Analysis of investments at 31 March 2012 between funds**

	<b>Total Funds</b> <b>2012</b> £	Total Funds 2011 £
<b>Listed investments</b>		
UK Quoted fixed interest Securities	-	-
UK Quoted Shares	55,617	45,880
Non-UK Quoted Shares	<u>-</u>	<u>15,540</u>
	<b>55,617</b>	61,420
 <b>Other investments</b>		
UK Group undertakings	10,000	10,000
UK Cash held as part of Portfolio	<u>424</u>	<u>6,209</u>
	<b>10,424</b>	16,209
	<u><b>66,041</b></u>	<u>77,629</u>

## PROJECT MALA

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2012

#### 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:

	2012 £	2011 £
Turnover	20,374	22,874
Cost of sales	11,675	20,934
	8,699	1,940
Gross profit	8,699	1,940
Expenses	9,363	9,531
	(664)	(9,254)
(Loss) before tax	(664)	(9,254)
Taxation	-	(786)
	(664)	(8,468)
(Loss) after tax	(664)	(8,468)

During the year Mala Handicrafts Limited loaned the charity a further £3,769. The balance due from Project Mala is now £4,337. This loan is interest free and repayable on demand.

#### 14. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	4,337	568
Accruals	706	706
	5,043	1,274

#### 15. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the charity had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings	
	2012 £	2011 £
<b>Operating leases which expire:</b>		
Within 2 to 5 years	-	1,403

**PROJECT MALA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**16. UNRESTRICTED INCOME FUNDS**

	Balance at 1 April 2011 £	Incoming resources £	Outgoing resources £	Balance at 31 March 2012 £
General Funds	<u>125,292</u>	<u>179,084</u>	<u>(183,075)</u>	<u>121,301</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Tangible fixed assets £	Investments £	Net current assets £	Total £
Unrestricted Income Funds	<u>2,130</u>	<u>66,041</u>	<u>53,130</u>	<u>121,301</u>
Total Funds	<u>2,130</u>	<u>66,041</u>	<u>53,130</u>	<u>121,301</u>