

CHARITY REGISTRATION NUMBER: 801953

THE PROJECT MALA CHARITABLE TRUST
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

THE PROJECT MALA CHARITABLE TRUST

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

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THE PROJECT MALA CHARITABLE TRUST

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2017

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 March 2017.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The Project Mala Charitable Trust
Charity registration number	801953
Principal office	25 Church Lane Nether Poppleton York YO26 6LF

THE TRUSTEES

Robin Garland (Chairman)
David Hopton MD FRCS
Patrick Scott MA PGCE
George Robinson BA (Treasurer)
Anne Bate BA PGCE DIP SPLD
Karen Brook
John Graham (Appointed 12 October 2016)

Independent Examiner	B B Davis Chartered accountant Townends Accountants LLP Fulford Lodge 1 Heslington Lane Fulford York YO10 4HW
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STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed and Objectives

The Trust is operated under the Trust Deed dated 7 August 1989 and is a Registered Charity No. 801953.

The principal objective of the Charity is the advancement of education and the relief of poverty amongst children in India.

Governance

The Charity is administered by a Board of Trustees supported by volunteers plus remunerated administrative support as required. There are presently six Trustees and all administrative work is based at our office in York and from the homes of volunteers. There are no employees.

Trustees Recruitment and Training

New Trustees are recruited as needs arise and to ensure that an appropriate range of skills and experience is brought to the management of the Trust. Appointments are made by existing Trustees and training is given by them and officials of the charity.

THE PROJECT MALA CHARITABLE TRUST

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2017

Risk management

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.

Investment policy

Due to low interest rates, the Trustees decided to invest part of the reserves in gilts and equities. The Trustees decide on the investments and these are managed by Redmayne Bentley. The Trustees consider the returns to be satisfactory.

OBJECTIVES AND ACTIVITIES

Principal Activities

The Trust supports the operation of six primary, three middle and one secondary school in the State of Uttar Pradesh in Northern India, supporting over 1,200 children in full time education. The education covers up to 8 years and grades 1-10 of the national curriculum. Most of these children would have grown up illiterate without the benefit of our work. Nutrition and health care are provided for all pupils.

ACHIEVEMENTS AND PERFORMANCE

Each year we try to make improvements to the schools and the systems. This year has seen a number of changes, both to the buildings and educational standards.

We received funding to open two more pre-schools for girls, except Guria where there are sufficient girls able to pass the entrance exam. We feel these new pre-schools are a big boost to the education opportunities for girls in the remote areas where schools are based.

Public Benefit

In setting out our objectives and planning our activities, the Trustees have complied with the duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission.

The main beneficiaries at this stage are children in the Uttar Pradesh state of Northern India who receive education, nutrition and health care through funding provided by the Trust.

FINANCIAL REVIEW

- Voluntary income of £163,534 included £110,524 from sponsors and donors in the UK, Australia and several other countries and £53,010 in the U.S.A.
- Support from Charitable Trusts was greatly improved at £63,150 (2016: £14,000).
- Gift Aid relief from UK sponsors provided £20,989.
- Funds spent on our charitable activities totalled £243,953 of which £221,862 was sent to support our schools in India, compared to £178,259 in the previous year.
- Reserves held in our share portfolio produced a gain of £9,640 on the underlying market value and a further £3,009 in dividend income. The portfolio was spread across 9 companies at the year end and investments are regularly reviewed in the light of market conditions.
- The Balance Sheet value at 31 March 2017 was £145,040 (2016: £144,789).

THE PROJECT MALA CHARITABLE TRUST

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2017

Reserves policy

The Trustees adopt the advice of the Charity Commission in seeking to maintain an adequate level of unrestricted funds to support ongoing work. The Balance Sheet value represents a 7 months' reserve for our current level of charitable expenditure.

PLANS FOR FUTURE PERIODS

We have plans to increase the opportunity for more of our children to go on to higher education by extending our middle and secondary schools. Currently we are restricted with our middle school at Turkahan and are hoping to build three more classrooms to enable us to take more children through middle school.

Also, currently we have just one secondary school which can only take 40 children a year. We plan to build an extension to our Patehra School to take secondary school children. Patehra is served by three primary schools – Patehra, Amoi and Hasra. The current middle school is very successful, but only a few of the class 8 pupils can continue to Guria, as our boarding facilities are limited. This extension would allow Patehra children to complete their education up to class 10. It would also reduce our transport costs for secondary school pupils. Most importantly, it would also give an opportunity for more pupils to stay in the Project Mala system for longer.

FUNDS HELD AS CUSTODIAN TRUSTEE

The schools in India are operated by our sister charity registered in India, 'The Children Emancipation Society' which shares our chairman and is rigorously controlled from the UK. All schools operate under the 'Project Mala' name. Project Mala supplies approximately 80% of the costs incurred in India, the balance being raised within the country. Efforts are being made to increase the domestic funding so that in the longer term there is less reliance on grants from overseas.

The trustees' annual report was approved on 12 June 2017 and signed on behalf of the board of trustees by:

Robin Garland (Chairman)
Trustee

THE PROJECT MALA CHARITABLE TRUST

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE PROJECT MALA CHARITABLE TRUST (continued)

YEAR ENDED 31 MARCH 2017

I report on the financial statements for the year ended 31 March 2017, which comprise the statement of financial activities, statement of financial position and the related notes.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The trustees are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

INDEPENDENT EXAMINER'S STATEMENT

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act, and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act
- have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

B B DAVIS
Townends Accountants LLP
Chartered accountants
Fulford Lodge
1 Heslington Lane
Fulford
York
YO10 4HW

12 June 2017

THE PROJECT MALA CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

31 MARCH 2017

		2017		2016
		Unrestricted	Total funds	Total funds
	Note	funds	£	£
		£	£	£
Income and endowments				
Donations and legacies	4	247,673	247,673	193,800
Other trading activities	5	–	–	490
Investment income	6	3,025	3,025	2,334
Total income		<u>250,698</u>	<u>250,698</u>	<u>196,624</u>
Expenditure				
Expenditure on raising funds:				
Costs of raising donations and legacies	7	16,103	16,103	15,160
Expenditure on charitable activities		243,984	243,984	196,652
Total expenditure		<u>260,087</u>	<u>260,087</u>	<u>211,812</u>
Net gains/(losses) on investments	11	9,640	9,640	(6,551)
Net income/(expenditure) and net movement in funds		<u>251</u>	<u>251</u>	<u>(21,739)</u>
Reconciliation of funds				
Total funds brought forward		144,789	144,789	166,528
Total funds carried forward		<u>145,040</u>	<u>145,040</u>	<u>144,789</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 7 to 12 form part of these financial statements.

THE PROJECT MALA CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION

31 MARCH 2017

		2017		2016	
		£	£	£	£
FIXED ASSETS					
Investments	14		76,101		63,453
CURRENT ASSETS					
Debtors	15	5,501		5,358	
Cash at bank and in hand		64,164		76,673	
		<u>69,665</u>		<u>82,031</u>	
CREDITORS: Amounts falling due within one year	16	<u>726</u>		<u>695</u>	
NET CURRENT ASSETS			<u>68,939</u>		<u>81,336</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>145,040</u>		<u>144,789</u>
NET ASSETS			<u>145,040</u>		<u>144,789</u>
FUNDS OF THE CHARITY					
Unrestricted funds			145,040		144,789
Total charity funds	17		<u>145,040</u>		<u>144,789</u>

These financial statements were approved by the board of trustees and authorised for issue on 12 June 2017, and are signed on behalf of the board by:

Robin Garland (Chairman)
Trustee

George Robinson BA (Treasurer)
Trustee

The notes on pages 7 to 12 form part of these financial statements.

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The charity is registered charity in England and Wales and is unincorporated. The address of the principal office is 25 Church Lane, Nether Poppleton, York, YO26 6LF.

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 Charities Act 2011.

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 investments measured at fair value through income or expenditure.

Going concern

There are no material uncertainties about the charity's ability to continue.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 19.

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.

Incoming resources

All income is 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.

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

3. ACCOUNTING POLICIES *(continued)*

Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is recognised on an accruals basis as a liability is incurred. VAT is not recoverable by the charity and as such is included in the relevant costs in the statement of financial activity.

Debtors and prepayments

Prepayments are valued at the amount prepaid net of any trade discounts due

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitudes of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Cash at bank and in hand

Cash at bank and in hand includes cash and any short term deposit accounts with a maturity of three months or less from the date of opening.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

4. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
DONATIONS			
Donations and similar incoming resources	72,289	–	72,289
Individual child sponsorship	91,245	–	91,245
Tax refunds from Gift Aid	20,989	–	20,989
GRANTS			
Grants from Charitable Trusts	63,150	–	63,150
	<u>247,673</u>	<u>–</u>	<u>247,673</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
DONATIONS			
Donations and similar incoming resources	63,097	10,113	73,210
Individual child sponsorship	86,391	–	86,391
Tax refunds from Gift Aid	20,199	–	20,199
GRANTS			
Grants from Charitable Trusts	3,900	10,100	14,000
	<u>173,587</u>	<u>20,213</u>	<u>193,800</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Miscellaneous income	–	–	362	362
Fundraising events	–	–	118	118
Carpet sales	–	–	10	10
	<u>–</u>	<u>–</u>	<u>490</u>	<u>490</u>

6. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Bank interest and dividends	3,025	3,025	2,334	2,334
	<u>3,025</u>	<u>3,025</u>	<u>2,334</u>	<u>2,334</u>

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

7. COSTS OF RAISING DONATIONS AND LEGACIES

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Donations - sponsor administration	8,460	8,460	8,260	8,260
Donations - collection fees	2,262	2,262	1,688	1,688
Donations - website costs	2,786	2,786	4,131	4,131
Donations - fundraising costs	2,595	2,595	1,081	1,081
	<u>16,103</u>	<u>16,103</u>	<u>15,160</u>	<u>15,160</u>

8. EXPENDITURE ON CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total funds 2017 £	Total fund 2016 £
Overseas programme	<u>222,596</u>	<u>21,388</u>	<u>243,984</u>	<u>196,652</u>

9. ANALYSIS OF SUPPORT COSTS

	Support costs £	Total 2017 £	Total 2016 £
Communications and IT	2,248	2,248	1,342
General office	2,385	2,385	875
Human resources	300	300	265
Governance costs	16,455	16,455	15,911
	<u>21,388</u>	<u>21,388</u>	<u>18,393</u>

10. TAXATION

No taxation is provided for in the accounts because, as a Registered Charity, the charity is within the exemptions granted by H M Revenue and Customs.

11. NET GAINS/(LOSSES) ON INVESTMENTS

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Gains/(losses) on listed investments	9,640	9,640	(5,381)	(5,381)
Gains/(losses) on disposal of investment assets	—	—	(1,170)	(1,170)
	<u>9,640</u>	<u>9,640</u>	<u>(6,551)</u>	<u>(6,551)</u>

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

12. INDEPENDENT EXAMINATION FEES

	2017 £	2016 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>726</u>	<u>695</u>

13. TRUSTEE REMUNERATION AND EXPENSES

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

14. INVESTMENTS

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 1 April 2016	771	62,682	63,453
Additions	3,009	2,632	5,641
Disposals	(2,632)	–	(2,632)
Other movements	–	9,639	9,639
At 31 March 2017	<u>1,148</u>	<u>74,953</u>	<u>76,101</u>
Impairment			
At 1 April 2016 and 31 March 2017			<u>–</u>
Carrying amount			
At 31 March 2017	<u>1,148</u>	<u>74,953</u>	<u>76,101</u>
At 31 March 2016	<u>771</u>	<u>62,682</u>	<u>63,453</u>

All investments shown above are held at valuation.

Financial assets held at fair value

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded on quoted public markets, primarily the London Stock Exchange.

15. DEBTORS

	2017 £	2016 £
Other debtors	<u>5,501</u>	<u>5,358</u>

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Accruals and deferred income	<u>726</u>	<u>695</u>

THE PROJECT MALA CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

17. ANALYSIS OF CHARITABLE FUNDS

Unrestricted funds

	At 1 April 2016 £	Income £	Expenses £	Transfers £	Gains and losses £	At 31 March 2017 £
Unrestricted Fund	144,789	250,698	(260,087)	(35,000)	9,640	110,040
Designated Fund - School Guesthouse	–	–	–	35,000	–	35,000
	<u>144,789</u>	<u>250,698</u>	<u>(260,087)</u>	<u>–</u>	<u>9,640</u>	<u>145,040</u>

Unrestricted funds are available to be spent for any of the purposes of the charity.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Total Funds 2017 £
Investments	76,101	76,101
Current assets	69,665	69,665
Creditors less than 1 year	(726)	(726)
Net assets	<u>145,040</u>	<u>145,040</u>

19. TRANSITION TO FRS 102

These are the first financial statements that comply with FRS 102. The charity transitioned to FRS 102 on 1 April 2015.

No transitional adjustments were required in the retained funds or income or expenditure for the year.