

Mahdlo (Oldham Youth Zone)

(a company limited by guarantee
and not having a share capital)

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019**

Company number: 06946098

Registered Charity Number: 1134427

WRIGLEY PARTINGTON

Chartered Accountants
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY



Mahdlo (Oldham Youth Zone)

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Mahdlo (Oldham Youth Zone)

Reference and Administrative Information

President:	Sir Norman Stoller CBE KStJ DL
Trustees at date report approved:	Terry Flanagan John Ainley Kashif Ashraf Dave Benstead Stephanie A Bolshaw Lindsay Walsh Janelle M Barker Kathryn A Morley Christopher Wareing Stephen T Hill Andrew Milnes (appointed 28.08.18)
Other Trustees who served during year:	Antony H Spencer (retired 25.06.19)
Chief Executive:	Michael Doran
Registered Office:	Egerton Street Oldham OL1 3SE
Business address:	Egerton Street Oldham OL1 3SE
Auditors:	Wrigley Partington Sterling House 501 Middleton Road Chadderton Oldham OL9 9LY
Bankers:	Natwest 10 Yorkshire Street Oldham OL1 1QT
Company number:	6946098
Registered Charity number:	1134427

Mahdlo (Oldham Youth Zone)

Trustees Report for the year ended 31st March 2019

The Trustees, who are also Directors for the purpose of company law, present their report and the financial statements of the charity for the year ended 31st March 2019. The provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP (FRS102)) have been adopted in preparing the annual report and financial statements of the charity.

Objectives and Activities

The charitable objectives as set out in the Memorandum and Articles are "to help and educate children in the North West of England through their leisure time activities by promoting their full physical and spiritual potential in order that they may grow to full maturity as individuals and members of society and that their conditions of life may improve".

Our mission is "to deliver high quality activities and experiences for young people from Oldham aged 8-19 (25 with a disability) to enhance the quality of their lives and provide support services for those who need additional help to achieve their potential"

We achieve this through our 6 programme areas:

Get Active – Young people's participation in a wide range of sports and physical activities at a 'try, train or team' level that promote good health, fitness and build self-esteem.

Get Creative –Utilising the specialist dance studio, music room and media suite young people can engage in a broad range of arts and media opportunities that develop creativity skills and confidence.

Get Outdoors – We give young people the chance to get out of their usual neighbourhood, experience outdoor adventure and reconnect with the environment promoting confidence, teamwork and social skills.

Get Sorted – Young people are able to access support around personal health and wellbeing issues. We link with existing services in the town to ensure we are supporting young people to access the information advice and guidance they really need. Through one-to-ones and group workshops we promote healthy minds, lifestyles and positive choices.

Get Ahead – We recognise that getting the right skills and support is key to getting ahead. With the help of partners and local businesses our team support young people to get on the right path for the future.

Get Connected – We want young people to play a real role in the running of Mahdlo and to have a clear and coherent voice in the wider community. We support them to be more connected through community projects and volunteering opportunities that promote citizenship and leadership skills.

The activities of the charity are undertaken to further its charitable purposes for public benefit and, in shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance "public benefit: running a charity (PB2)".

The provision of a high-quality facility for young people responds to a clear, ongoing demand from young people, parents and the wider community for more and better places for young people to go. Our universal services, mainly based around our Get Active, Get Creative and Get Outdoors offer, are open to all young people in Oldham. For those experiencing disadvantage or needing additional support we offer additional targeted services. Short term outcomes are happier young people making healthier choices with increased social skills, achievements and enhanced aspirations. This has the wider impact of improved health and wellbeing, reduced crime, enhanced learning and employability and greater community cohesion.

Structure, Governance and Management

Mahdlo (Oldham Youth Zone) is a charity and a company limited by guarantee without share capital. Mahdlo is registered under the Companies Act 1985, registration number 06946098. The company is governed by its Memorandum and Articles of Association, dated 27th June 2009. Management of the company's affairs is vested in the co-directors.

In the event of a winding-up, the present members and those who have ceased to be a member within one year of such an event have guaranteed the liabilities of the company to the sum not exceeding one pound each.

Organisational Structure

Mahdlo is governed by its board of Trustees which retains overall responsibility for the strategic direction and the policy of the organisation. The Trustees carry the ultimate responsibility for the conduct of Mahdlo and for ensuring that the charity satisfies its legal and contractual obligations.

The Board approves the strategic plan and annual Business Plan and scrutinises business performance including financial performance as well as providing advice to the Chief Executive on operational matters of importance.

A Chief Executive is appointed by the Board to manage the day to day operations. To facilitate effective operations the Chief Executive has delegated authority as approved by the Board for operational matters including finance, human resources and operational delivery allowing the Chief Executive to support the Board in developing and delivering strategy and ensuring the agreed Business Plan KPI's are met.

The senior management team has a range of qualifications and experiences including Accountancy, Youth Work, HR and Facilities management. The Board agreed the structure during annual Business Planning and are required to approve any substantial changes to the Senior Team.

All salaries are benchmarked by a retained independent HR specialist against other Youth Zones, Local Authority and the local labour market. The board agrees all pay increases as a result of cost of living during the Business Planning cycle. Any new post created at any level requires CEO, HR and Finance approval. Senior posts would be agreed by the Trustee with HR portfolio prior to presentation to Board.

All posts are subject to interview and are advertised internally and/or externally.

Mahdlo is part of the family of youth zones established by Onside. The CEO of Onside operates as a Trustee on the Mahdlo Board ensuring a strategic communications link exists between Mahdlo and Onside.

Onside may offer good practice advice and financial support through its fundraising activity but all Policy and Procedures within Mahdlo are developed internally using independent professional and legal expertise when required and are approved by the Mahdlo Board.

Onside does not have any form of legally binding agreement with Mahdlo which would result in it exerting any control over Mahdlo business without the express approval of the Board.

The Board of Trustees

The Board comprises 12 Trustees including the Chair and a President. Individual Trustees hold portfolios relevant to their professional backgrounds and interests. These include Finance, Fundraising, HR, Safeguarding and Facilities management.

Trustees can be nominated for a fixed or indeterminate period of time. One third of the Directors will retire by rotation at each Annual General Meeting. Retiring Directors can be reappointed.

The Trustees meet on a monthly basis.

Recruitment and Appointment of Trustees

New trustees will be recruited according to the needs of the charity and the suitability of possible candidates. The unanimous approval of existing Trustees would lead to their appointment.

The Memorandum and Articles of Association state that the number of members shall have no maximum and shall not be less than three.

Full details of the rules are contained in the company's Memorandum and Articles of Association which may be inspected at the registered office.

Induction of Trustees

Newly appointed trustees are provided with a comprehensive induction to Mahdlo through the provision of in-house training. This includes key information about the organisation and its development, governance and safeguarding. The Board undertake annual strategy reviews and individual appraisals between Trustees, the Chair and Chief Executive have been implemented to develop Board capacity.

Financial Review

The surplus for the year of £351.5k is after charging fixed asset depreciation of £93k. The balance sheet at the end of March 2019 has net assets of £4.9m with net current assets of £446k. Unrestricted cash funds were £501k (£579k total cash balance less £78k allocated to restricted funds) which covers 4.5 months of core operating cost excluding project related expenditure. Given the nature of the operations, the Board of Trustees considers it prudent to continue to build on the level of unrestricted reserves to cover a longer period of running costs and to accommodate any future exceptional repair and maintenance costs as the building ages. Income for the year of £2.21m included £1.13m of restricted income with the balance of £1.08m unrestricted income being received from the various sources detailed in notes 2 to 6 of the financial statements.

Restricted project funding supports the Charity's key objectives of supporting young people in all aspects of their lives. Specific projects have outcome measures dependent on the funder's criteria and the purpose of the project. eg mentoring.

The unrestricted funding includes service level agreement with the local authority, which require specific performance metrics including membership and usage numbers.

Risk Management

The Board fully accepts its responsibilities under the Charity Commission's Statement of Recommended Practice (SORP). The Trustees have considered the major risks to which the charity is exposed and are committed to ensuring these are effectively managed.

The Chief Executive and senior managers have undertaken comprehensive risk assessments and established risk registers from an organisational and operational perspective and have established suitable risk management and control procedures which are reviewed regularly by the Board.

Key risks to the organisation include Financial, Reputational, Regulatory and Operational.

The Risk Register is updated quarterly and reported to Board with major risks highlighted and control measures discussed. Comprehensive financial accounts including cash flow, I&E and the Balance sheet are reported to Board monthly.

The Key financial risks relate to funding shortfalls and uncontrolled expenditure. As with most charities, developing sustainable funding streams in order to deliver Mahdlo's objectives is of paramount importance. The overall strategy is to balance restricted funding from specific projects and grants with unrestricted funds primarily from Patrons, Donors and fundraising events. In the longer term, a key objective is to develop commercially viable income streams, which will underpin core delivery.

Expenditure is tightly managed with operational managers responsible for budgets relating to their operational responsibilities. Staff costs comprise 65% of expenditure with establishment costs monitored and managed by the CEO and the senior management team using the organisations centralised staff management system.

Regulatory risk is the responsibility of the CEO, Finance manager and Facilities manager who manages Health and Safety and Fire and other statutory risk areas. The Board are appointed and reviewed within the context of Charities Commission guidelines and new regulatory judgements will be reported to Board as required.

The key operational risks are managed through operational risk planning with a clear hierarchy of responsibility. Specific procedures exist to manage Safeguarding and Health and Safety.

Reserves Policy

The Board of Directors of Mahdlo has established a reserves policy, in compliance with which it will annually review both the sum it wishes to hold in reserve in the unrestricted budget and the basis for that figure. The Directors continually strive to manage the charity's finances so that an adequate level of reserves can be maintained in compliance with the reserves policy.

- Reserves to be maintained at a level which ensures that at least 3 months of the organisation's core activity could continue during a period of unforeseen difficulty.
- That these reserves are readily realisable unrestricted reserves and are in addition to funding the fixed assets.

This level of reserves has been agreed for the following reasons:

- To provide working capital to allow for retrospective funding and the associated time difference between expenditure and receipt of funds.
- Mahdlo's income sources (particularly the Patrons programme and fundraising activities) are vulnerable to changes in the economic situation and any notice period for loss of major donors could be relatively short.
- To support new service development to enable Mahdlo to be responsive to beneficiary needs and to facilitate improvements to the operational running of the organisation.
- To ensure that the building can be kept fully functional, well equipped and in a good state of repair and remains a major attraction and asset.
- To invest in staff and volunteer training and development to ensure quality of service delivery.
- To enable Mahdlo to meet its delivery commitments without interruption in times of economic hardship.
- To be seen as a responsible charity by the Charity Commission, our Funders, partners and the community that engage with Mahdlo.
- To avoid the creation or retention of unnecessary surpluses for which there is no planned requirement in line with the organisation's charitable aims.

Due to the type of funding Mahdlo can and is likely to access can take up to 6 months to secure there is a need for a longer-term policy to increase reserves to an appropriate amount of working capital to fund these time delays. This will be achieved by:

- Developing a funding strategy that enables forward planning of income generation including targets over and above immediate running costs.

- Prioritising fundraising activities and events and ensuring a continual focus on fundraising not just in times of need.
- Appropriate accounting, including building into budgets, accounts and reports a sum for depreciation.
- Building Mahdlo's reputation as a quality charity, worthy of support and investment.

This reserves policy will be reviewed by the Chief executive and the Board on an annual basis. It is the intention to increase reserve levels incrementally toward 6 months as the organisation's activity grows.

Investment Policy

With having relatively low unrestricted reserves and a variable income stream, funds built up in advance of expenditure need to be reasonably liquid. However, some funds may be retained and invested for future use. To ensure such investments are safeguarded:

- any decision about investments will be made by the Board (potentially having taken professional advice) considering the suitability and diversification of investments, including investments in deposit accounts, to ensure that the failure of one investment or institution does not have a major impact on Mahdlo;
- investments will be made in line with Mahdlo's values and ethos
- investment performance will be regularly reviewed;
- records will be maintained of all investments held (including details of all those sold or purchased) by the charity; and
- accounting controls will be fully implemented to ensure that all dividends or interest payments due are received and accounted for.

Key Achievements in 2018/19

2018/2019 has been a year of consolidation of the Mahdlo offer. There were over 60,000 visits by young people during the year with 52,000 attendances which involved people in exercise-based activity.

Membership now stands at 4,200, which is less than the previous year, but the focus has been to improve regular attendance of existing members rather than attracting new members. Weekly attendances continue to average 1,200 weekly visits. The membership profile has had a slight change over the year with us having increased the number of female members to 46% whilst the split between senior and junior membership is now 50% of our members being senior and junior respectively. 35% of our members are from BME communities and 15% report as having a disability or additional need.

The Get a Job scheme aimed at young people aged between 16 and 24 continues to be successful with over 50 young people completing the course with 80% of people going on to employment, education or training.

The Mentoring scheme has seen 50 young people accessing the provision with very positive personal testimony as to its impact. Counselling services offered through MIND have seen an increase in referrals and discussions are underway to develop this further.

The Duke of Edinburgh's Award scheme continues to go from strength to strength with young people undertaking D of E at all levels i.e. Bronze, Silver and Gold. Mahdlo has achieved the status of being a Duke of Edinburgh Awards Centre. Our second Gold Award winning member attended St James Palace to receive their award. 22 young people participated in the award during the year. Young people can also attain awards in accredited programmes such as the Bronze Arts awards, Sports Leaders Award and the John Muir award.

We have continued to develop our partnerships with direct benefits across our programmes including links with MIND, Brook, Cogs and the council supporting our Get Sorted offer. We have also worked closely with the Police to develop programmes relating to knife and violent crime.

Our Community based work has strengthened by our links with the Inter-faith forum who support our cohesion work and work directly with Madrassah and the Mosque. We have also secured three years of funding from Children in Need fund which will ensure that we can increase our offer to young people with disabilities.

We have also received funding from the Arts Council over two years to produce an industrial heritage project reflecting Oldham's industrial past.

A significant focus has been the development of the building extension, which will enhance the music and drama offer as well as internal refurbishment offering life skills and digital opportunities.

Plans for future periods

As we enter year 4 of our 5 year strategic plan, that will consolidate the role Mahdlo plays in the provision of first class youth services, our strategy continues to focus as below which forms part of the strategic plan that is being reviewed to make it fit for purpose for the coming five years.

- Developing Excellence in the Arts, Sport and the Outdoors
- Developing the District and Ability group offer in scope and scale.
- Ensure Excellence across all offers to young people accessing Mahdlo in the Hub or the Districts
- Develop an approach to Health and Wellbeing that promotes health for all.
- Develop an approach to Innovation, which promotes digital literacy amongst members, both for recreation and potential work.

In response to a changing environment including the growth of violent crime amongst young people, we are focussing on targeting areas with specific issues in partnership with the Local Authority and the Police. We have delivered significant holiday hunger projects during school holidays and have developed a number of projects relating to cooking and diet.

Looking to the future there will be a drive to increase membership while continuing to maintain the focus of the strategy to ensure that the offer remains attractive to young people and that the level of retention continues to improve.

In response to the major crisis in young peoples' mental health, we are working closely with MIND and other partners to develop bespoke responses. Staff who are engaging with CCG's and the GM task forces to develop new initiatives.

To underpin the delivery of excellence, a number of actions have been outlined in the strategy. These include new quality measures, staff training and development, young peoples' participation and further development of IT and facilities. As part of a developing network agreement across Youth Zones and Onside, the excellence framework is being strengthened.

The core offer will continue to be enhanced with a focus on Excellence and aspiration through new initiatives including an ongoing partnership with the Royal Northern College of Music, Oldham Coliseum an enhanced sports offer and partnerships with schools and colleges.

Post balance sheet events

Building work commenced in September 2018 on the extension to the existing building, which had been authorised by the trustees during the year ended 31 March 2017. The tendered construction cost was £1,232,362 excluding VAT, although the anticipated final cost is now expected to be £1,396,151 excluding VAT and will be financed through grant funding which has already been secured. The anticipated completion date of the extension is currently December 2019.

Trustees' Responsibilities

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

Company law requires the charity's Trustees to prepare financial statements for each financial year that give a true and fair view of the state of the charity's incoming resources and applications of resources during the year and of its state of affairs at the end of the year. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and 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 and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 charitable company and enables them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving this report:

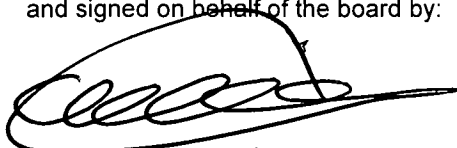
- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Compliance with accounting standards

The Trustees confirm that the financial statements comply with current statutory requirements, the requirements of the Company's Memorandum and Articles of Association and the requirements of the Charities SORP (FRS102).

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

This report was approved by the Board of Directors at the Annual General Meeting on 29th October 2019 and signed on behalf of the board by:



Christopher Waring

Chair of the Board

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHDLO (OLDHAM YOUTH ZONE)

Opinion

We have audited the financial statements of Mahdlo (Oldham Youth Zone) for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee's have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHDLO (OLDHAM YOUTH ZONE) (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

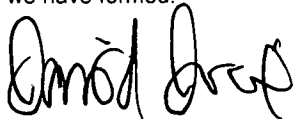
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Ducie (Senior statutory auditor)

For and on behalf of

Wrigley Partington

Chartered Accountants and
Statutory Auditor

Date :

26th November 2019

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Mahdlo (Oldham Youth Zone)

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) : YEAR ENDED 31 MARCH 2019

		2019			2018		
	Note	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
INCOME							
Donations and legacies	2	803,154	428,562	1,231,716	690,100	200,055	890,155
Charitable activities:							
Delivery income	3	160,848	698,089	858,937	232,590	735,585	968,175
Other trading activities:							
Fundraising events	4	109,690	-	109,690	97,788	4,415	102,203
Investment income	5	331	-	331	127	-	127
Other income	6	3,960	3,200	7,160	29,534	-	29,534
Total incoming resources		1,077,983	1,129,851	2,207,834	1,050,139	940,055	1,990,194
EXPENDITURE							
Raising funds	7	103,919	-	103,919	99,030	-	99,030
Charitable activities:							
Youth projects and activities	7	932,320	777,566	1,709,886	915,361	897,709	1,813,070
Governance	7	42,481	-	42,481	36,573	-	36,573
Total expenditure	7	1,078,720	777,566	1,856,286	1,050,964	897,709	1,948,673
Net (outgoing) incoming resources before other recognised gains and losses		(737)	352,285	351,548	(825)	42,346	41,521
Other recognised gains and losses		-	-	-	-	-	-
Net movement in funds		(737)	352,285	351,548	(825)	42,346	41,521
Reconciliation of funds							
Total funds brought forward		463,352	4,093,009	4,556,361	464,177	4,050,663	4,514,840
Total funds carried forward	19	462,615	4,445,294	4,907,909	463,352	4,093,009	4,556,361

All incoming resources and resources expended are derived from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

Mahdlo (Oldham Youth Zone)

BALANCE SHEET : AS AT 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
FIXED ASSETS			
Tangible assets	12	4,461,786	3,970,110
Total fixed assets		<u>4,461,786</u>	<u>3,970,110</u>
CURRENT ASSETS			
Stock	13	1,503	1,504
Debtors	14	160,342	292,204
Cash at bank and in hand	15	578,982	494,709
Total current assets		<u>740,827</u>	<u>788,417</u>
LIABILITIES:			
Creditors falling due within one year	16	294,704	202,166
Net current assets		<u>446,123</u>	<u>586,251</u>
Net assets	20	<u><u>4,907,909</u></u>	<u><u>4,556,361</u></u>
THE FUNDS OF THE CHARITY			
<i>Restricted income funds</i>	19	4,445,294	4,093,009
Unrestricted funds	19	462,615	463,352
Total charity funds	19	<u><u>4,907,909</u></u>	<u><u>4,556,361</u></u>

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The accounts were approved by the board on 26th November 2019 and signed on its behalf by

A. Milnes
 Trustee/Director
A Milnes
 Registration number 06946098

The accompanying notes are an integral part of this balance sheet.

Mahdlo (Oldham Youth Zone)

STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
Cash used in operating activities	24	<u>668,592</u>	<u>(41,901)</u>
Cash flows from investing activities			
Interest income		331	127
Purchase of tangible fixed assets		(584,650)	(9,119)
Cash provided by (used in) investing activities		<u>(584,319)</u>	<u>(8,992)</u>
Increase/(decrease) in cash and cash equivalents in the year		84,273	(50,893)
Cash and cash equivalents at the beginning of the year		494,709	545,602
Total cash and cash equivalents at the end of the year		<u>578,982</u>	<u>494,709</u>

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by charities: 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mahdlo (Oldham Youth Zone) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Company status

The charity is a company limited by guarantee. The members of the company are drawn from throughout Oldham's civic, business, education and training, and voluntary sector communities. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The charity was incorporated in England and the address of its registered office is Egerton Street, Oldham, OL1 3SE.

c) Income recognition policies

Items of income are recognised and included in the accounts when the charity is legally entitled to the income, any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity, there is sufficient certainty that receipt of the income is considered probable and the amount can be measured reliably. The following specific policies apply to categories of income:

Grants for core funding, which do not impose performance related conditions, are recognised when received. Grants towards specific project costs are recognised based on the performance model, as the project is delivered.

Income relating to contracts is deferred where the services have only been partially performed at the year end.

Investment income is recognised on a receivable basis.

d) Donated services and facilities

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of the economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

e) Pensions

The charity operates a defined contribution pension scheme. The annual contributions payable are charged to the SOFA in the year to which they relate. The assets of the scheme are held independently from those of the Charity.

1 Accounting policies continued

f) Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis (eg. number of employees or estimated usage). Expenditure is classified under the following activity headings:

- Costs of raising funds are those costs incurred in trading activities that raise funds.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services, and include both the direct costs and support costs relating to these activities.
- Governance costs, which are included within charitable activities, include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

g) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

h) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

i) Tangible fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised at cost and depreciated over their useful economic lives as follows:

Long leasehold property	2% Straight line
Property building works	10% Straight line
Club equipment	33.3% Straight line
Office and electrical equipment	33.3% Straight line
Furniture and fittings	33.3% Straight line
Motor vehicles	25% Straight line

j) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees/directors in furtherance of the general objectives of the Charity and that have not been designated for other purposes.

Restricted funds are funds subject to restrictions imposed by the donor or by the specific terms of the appeal under which the funds are raised.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees/directors for particular purposes.

1 Accounting policies continued

k) Taxation

The company is a registered charity and as such is entitled to the exemption from tax to the extent that the income received falls within section 505 ICTA 1988 and section 256 CGTA 1992 and is applied to charitable purposes only.

l) Holiday pay

The holiday year end does not coincide with the financial year end and consequently, provision is made in the accounts for holidays accrued but not taken as at the end of the financial year.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

n) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) 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.

p) Assessment of going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern and the accounts have been drawn up on the going concern basis which assumes that the charity will continue in operation for the foreseeable future.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	Total 2018 £
2 <u>Income from donations and legacies</u>				
Patrons programme and donations	389,889	428,562	818,451	428,754
Gift Aid recoverable	13,265	-	13,265	11,254
Legacies	-	-	-	50,147
Local authority grants	400,000	-	400,000	400,000
	<u>803,154</u>	<u>428,562</u>	<u>1,231,716</u>	<u>890,155</u>
3 <u>Income from charitable activities</u>				
<i>Delivery income:</i>				
Performance related grants (project funding)	-	698,089	698,089	735,585
Service level agreements	25,171	-	25,171	73,002
Café and refreshments	60,567	-	60,567	60,713
Facility hire	26,256	-	26,256	38,488
Membership, fees and sale of goods	48,854	-	48,854	60,387
	<u>160,848</u>	<u>698,089</u>	<u>858,937</u>	<u>968,175</u>
4 <u>Income from other trading activities</u>				
Fundraising events	109,690	-	109,690	102,203
	<u>109,690</u>	<u>-</u>	<u>109,690</u>	<u>102,203</u>
5 <u>Investment income</u>				
Bank deposit interest	331	-	331	127
	<u>331</u>	<u>-</u>	<u>331</u>	<u>127</u>
6 <u>Other income</u>				
Staff secondment	-	-	-	28,440
Other income	3,960	3,200	7,160	1,094
	<u>3,960</u>	<u>3,200</u>	<u>7,160</u>	<u>29,534</u>

7 Expenditure

	<u>Charitable activities</u>			Total 2019 £	Total 2018 £
	<u>Raising funds</u>	<u>Youth projects and activities</u>	<u>Governance</u>		
	£	£	£		
<i>Costs directly allocated to activities</i>					
Staff costs	61,347	1,014,526	-	1,075,873	1,128,811
Recruitment and employee costs	-	18,267	-	18,267	13,698
Rent and property costs	-	145,080	-	145,080	142,035
Stationery and administration	-	15,947	-	15,947	12,976
Printing, promotions, advertising and publicity	13,237	4,511	-	17,748	14,343
Telephone, data communication and computer	-	35,418	-	35,418	33,697
Professional services	-	-	-	-	44,550
Depreciation	-	83,677	-	83,677	87,211
Project delivery costs	-	169,232	-	169,232	190,713
Catering	-	49,559	-	49,559	52,281
Bad debts	-	-	-	-	1,287
Fundraising	29,335	-	-	29,335	26,683
	103,919	1,536,217	-	1,640,136	1,748,285
<i>Support costs</i>					
Staff costs	-	100,808	34,081	134,889	109,381
Recruitment and employee costs	-	4,567	-	4,567	3,424
Rent and property costs	-	16,120	-	16,120	15,782
Stationery and administration	-	1,772	-	1,772	1,442
Telephone, data communication and computer	-	11,806	-	11,806	11,233
Professional services	-	25,791	-	25,791	37,551
Audit	-	-	8,400	8,400	9,600
Depreciation	-	9,297	-	9,297	9,690
Bank charges	-	3,508	-	3,508	2,285
	-	173,669	42,481	216,150	200,388
Total expenditure	103,919	1,709,886	42,481	1,856,286	1,948,673

Support costs have been apportioned using numbers of people per area of activity, or on a basis which is considered consistent with the use of the resources.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

	Total 2019 £	Total 2018 £
8 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Salaries	1,120,684	1,144,031
National Insurance	69,835	75,275
Pension	20,243	18,886
	<u>1,210,762</u>	<u>1,238,192</u>

Salaries includes an ex-gratia payment under an employee settlement agreement of £9,415 (2018: nil)

9 Staff numbers

The average monthly head count was 86 staff (2018: 96) and the average monthly number of full-time equivalent employees during the year were as follows:

	2019 <u>Number</u>	2018 <u>Number</u>
Charitable activities	44	46
Generating funds	2	2
Administration and support	5	7
Governance	1	1
	<u>52</u>	<u>56</u>

No trustees were paid or reimbursed expenses during the year.

The company considers its key management personnel to comprise the trustees and the chief executive officer. The total employment benefits excluding employer pension contributions of the key management personnel were £69,000 (2018: £17,250). However, during 2018 the company also paid a total of £49,500 to MDC Mike Doran Consult Ltd for the services of the chief executive officer.

The number of employees whose total employee benefits exceeded £60,000 were as follows:

	2019 <u>Number</u>	2018 <u>Number</u>
£60,001 to £70,000	<u>1</u>	<u>-</u>

10 Net movement in funds

	Total 2019 £	Total 2018 £
Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets - restricted	88,652	94,463
- unrestricted	4,322	2,438
Auditors remuneration:		
Audit of the financial statements	8,400	9,600
Operating lease rentals - Office equipment	5,297	3,176

11 Taxation

The company is a registered charity and no provision for taxation is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

	Long leasehold property	Property building works	Club Equipment	Office & electrical Equipment	Furniture & fittings	Motor vehicles	Total
Cost							
At 1 April 2018	4,199,655	34,555	30,206	15,530	3,072	25,444	4,308,462
Additions	558,955	2,502	19,439	2,515	1,239	-	584,650
Disposals	-	-	-	-	-	-	-
At 31 March 2019	<u>4,758,610</u>	<u>37,057</u>	<u>49,645</u>	<u>18,045</u>	<u>4,311</u>	<u>25,444</u>	<u>4,893,112</u>
Depreciation							
At 1 April 2018	251,979	20,037	23,400	14,420	3,072	25,444	338,352
Charge for the period	83,993	2,005	5,968	973	35	-	92,974
Disposals	-	-	-	-	-	-	-
At 31 March 2019	<u>335,972</u>	<u>22,042</u>	<u>29,368</u>	<u>15,393</u>	<u>3,107</u>	<u>25,444</u>	<u>431,326</u>
Net Book Value							
At 31 March 2019	<u>4,422,638</u>	<u>15,015</u>	<u>20,277</u>	<u>2,652</u>	<u>1,204</u>	<u>-</u>	<u>4,461,786</u>
At 31 March 2018	<u>3,947,676</u>	<u>14,518</u>	<u>6,806</u>	<u>1,110</u>	<u>-</u>	<u>-</u>	<u>3,970,110</u>

13 Stock

	2019 £	2018 £
Café and kitchen stock	<u>1,503</u>	<u>1,504</u>

Mahdlo (Oldham Youth Zone)

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
14 Debtors		
Trade debtors	123,806	86,800
Prepayments	28,686	149,885
Accrued income	7,850	55,519
	<u>160,342</u>	<u>292,204</u>

Included within prepayments for 2018 are costs amounting to a total of £132,394 which relate to the extension to the building. Those costs were capitalised in 2019.

15 Cash at bank and in hand

Cash at bank	577,380	493,481
Cash in hand	1,602	1,228
	<u>578,982</u>	<u>494,709</u>

16 Creditors : amounts falling due within one year

Trade creditors	124,079	31,195
Accruals	78,477	118,114
Deferred income	92,148	52,857
	<u>294,704</u>	<u>202,166</u>

Movements on deferred income account:

Brought forward	52,857	40,825
Released	(52,857)	(40,825)
Income deferred in current year	92,148	52,857
	<u>92,148</u>	<u>52,857</u>

17 Operating lease commitments

	2019 £	2018 £
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Office equipment leases which expire:		
within one year	-	-
between two and five years	18,455	8,613
in over five years	-	-
	<u>18,455</u>	<u>8,613</u>

18 Share capital

The company has no share capital, and the liability of members is limited by guarantee to £1 per member.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019**19 Analysis of charitable funds****Analysis of fund movements:**

	At 1 April 2018 £	Incoming resources £	Resources expended £	Gains (losses) £	At 31 March 2019 £
Unrestricted funds:					
General fund	463,352	1,077,983	(1,078,720)	-	462,615
Restricted funds:					
Acquisition of property at Egerton Street, Oldham	3,947,676	-	(83,993)	-	3,863,683
Extension to property at Egerton Street, Oldham	132,394	426,562	-	-	558,956
Other fixed asset purchases	8,524	14,375	(4,659)	-	18,240
Fundraising event for purchase of new vehicle	4,415	-	-	-	4,415
Donation for mentoring residential	-	2,000	(2,000)	-	-
Grants for project delivery	-	683,714	(683,714)	-	-
Youth provision in Hollinwood	-	3,200	(3,200)	-	-
Total restricted funds	4,093,009	1,129,851	(777,566)	-	4,445,294
Total funds	4,556,361	2,207,834	(1,856,286)	-	4,907,909

20 Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	20,907	-	4,440,879	4,461,786
Current assets	643,555	-	97,272	740,827
Current liabilities	(201,847)	-	(92,857)	(294,704)
Net assets 31 March 2019	462,615	-	4,445,294	4,907,909

21 Contingent liabilities

There is a contingent liability in connection with a grant relating to the charity's long leasehold property whereby if, during a period of 20 years from the date of the grant offer letter dated 26 February 2009, the charity shall be in breach of any of the grant conditions, the grant shall be repayable upon receipt of a written demand from The Secretary of State for Education. The amount of the grant was £4,994,577 and The Secretary of State for Education holds a legal charge over the charity's long leasehold property in respect of this potential liability.

22 Pension fund

The company operates a defined contribution pension scheme to which there is no commitment, the assets of which are held in a separately administered fund. Contributions to the pension scheme during the year amounted to £20,243 (2018: £18,886).

Mahdlo (Oldham Youth Zone)**NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019****23 Related party transactions**

During the year the charity received the following income from related parties without conditions:

	Donations Patrons programme & donations	Charitable activities Facility hire and other	Other trading activities Fundraising	Total
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Greengate Metal Components Ltd	25,000			25,000
Monteros (UK) Ltd			1,050	1,050
J W Lees & Co (Brewers) Ltd	25,000		1,050	26,050
The Barker Foundation	25,000		1,878	26,878
North Ainley Solicitors			875	875
Bedspace Ltd		596	2,600	3,196
PSO Trading Ltd		3,943		3,943
	<u>75,000</u>	<u>4,539</u>	<u>7,453</u>	<u>86,992</u>

Also during the year the charity purchased goods and services from the following related parties:

Greengate Metal Components Ltd	£235
J W Lees & Co (Brewers) Ltd	£2,813
PSO Trading Ltd	£21,168
	<u>£24,216</u>

At 31 March 2019 the following unsecured amounts were owed by related parties:

Monteros (UK) Ltd	£1,050
Bedspace Ltd	£208
PSO Trading Ltd	£2,037

Mr T Flanagan is a trustee/director of the charity and a director of Monteros (UK) Ltd.
 Mr L Walsh, a trustee/director of the charity, is a director and shareholder of Greengate Metal Components Ltd.
 Mr A Spencer, a trustee/director of the charity, is a director of J W Lees & Co (Brewers) Ltd.
 Mrs J M Barker, a trustee/director of the charity, is a trustee of The Barker Foundation.
 Mr J Ainley, a trustee/director of the charity is a partner in North Ainley Solicitors.
 Ms S Bolshaw, a trustee/director of the charity is a director of PSO Trading Ltd.
 Mr C Wareing is a trustee/director of the charity and a director of Bedspace Ltd.

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

24 Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net movement in funds	351,548	41,521
Add back depreciation charge	92,974	96,901
Deduct interest income shown in investing activities	(331)	(127)
Decrease/(increase) in stock	1	(81)
Decrease/(increase) in debtors	131,862	(201,135)
Increase/(decrease) in creditors	92,538	21,020
	<u>668,592</u>	<u>(41,901)</u>

25 Capital commitments and events after the end of the reporting period

During the year ended 31 March 2017 the trustees authorised the building of an extension to the existing property to expand the charity's capacity to further its purposes. The building work commenced in September 2018 with an anticipated completion date of July 2019, which has now been revised to December 2019. The tendered construction cost was £1,232,362 excluding VAT, although the anticipated final cost is currently £1,396,151. Of that amount, £558,955 was incurred prior to 31 March 2019 and is included within tangible fixed assets (note 12 to the accounts). The total cost of this expenditure is being financed through grant funding which has already been secured.

Mahdlo (Oldham Youth Zone)

The following pages do not form part of the statutory accounts.

DETAILED INCOME AND EXPENDITURE ACCOUNT : YEAR ENDED 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
DONATIONS AND LEGACIES	2	1,231,716	890,155
INCOME FROM CHARITABLE ACTIVITIES	3	858,937	968,175
INCOME FROM OTHER TRADING ACTIVITIES	4	109,690	102,203
INVESTMENT INCOME	5	331	127
OTHER INCOME	6	7,160	29,534
		<u>2,207,834</u>	<u>1,990,194</u>
LESS EXPENDITURE :			
Staffing costs			
Salaries, NI and Pension Contributions	8	1,210,762	1,238,192
Freelance workers		-	-
		<u>1,210,762</u>	<u>1,238,192</u>
Premises costs			
Utilities		50,130	54,424
Waste management		3,126	2,313
Security		6,888	5,117
Repairs, maintenance and materials		40,245	41,194
Cleaning		42,329	39,788
Insurances		18,482	14,981
Fixed assets depreciation		92,974	96,901
		<u>254,174</u>	<u>254,718</u>
Management costs			
Telephone		14,736	14,686
Computer costs		32,488	30,244
Professional fees		34,191	91,701
Bank charges		3,508	2,285
Bad debts		-	1,287
Licences and partnering arrangements		20,722	20,078
Staff recruitment, uniforms, travel and training		22,835	17,122
Marketing and communications		6,445	7,822
Administration		17,718	14,418
Patron programme/general events		11,304	6,521
Income generation events		26,277	24,324
Fundraising		3,058	2,359
		<u>193,282</u>	<u>232,847</u>
Delivery costs			
Weekly programme consumables		37,474	9,075
Celebration and promotion events		5,372	2,711
Volunteer expenses		498	-
Project delivery costs		101,209	157,448
Off site activity costs		3,956	1,401
Catering and retail supplies		49,559	52,281
		<u>198,068</u>	<u>222,916</u>
TOTAL EXPENDITURE		<u>1,856,286</u>	<u>1,948,673</u>
SURPLUS INCOME OVER EXPENDITURE		<u>351,548</u>	<u>41,521</u>