

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr I Gangat
	Mr F Bobat
	Mr I Amla
Charity number	1080849
Auditor	AGP Consulting
	Q West
	Great West Road
	Brentford
	TW8 0GP
Bankers	Al Rayan Bank Plc
	97 - 99 Whitechapel Road
	London
	E1 1DT
	Natwest Bank Plc
	PO Box 2027 Parklands
	De Havilland
	Horwich
	Bolton
	BL6 4YU

AZHAR ACADEMY

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AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their report and financial statements for the year ended 31 August 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's objects are advancement of education and furtherance of the religion of Islam and of Islamic Education. Azhar Academy runs nursery, primary and secondary schools in the London Borough of Waltham Forest and Newham. The main objective for the year was the continued operation of the schools and investment in education.

The schools are well established and are consistently rated high in the Borough and in London. The Trustees believe the schools provides education of the highest standard and nurture students to become responsible individuals and citizens.

The charity's activities are dedicated to students' academic, spiritual, moral, social, and cultural development, and the charity considers the success of these activities to be for the public benefit. The trustees have given due consideration to the charity commission published guidance on the public benefit requirement under Charities Act 2011. and there has been no change in these during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

The trustees are pleased with the expansion of the school and the continuing success of providing secondary education to girls.

Overall, the trustees believe that they have met their objectives for the year.

Financial review

At the balance sheet date, the charity had net assets of £2,376,890 (2018: £2,401,580). The trustees consider the financial performance of the charity during the year to be satisfactory. The objective is for the charity and its school operations to be self-sufficient.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The main objective of the reserve policy is to ensure that the Charity is able to meet its short term operational costs in a situation where income fall below a sustainable level. The actual free reserve at the end of the year is £104k, The board of Trustees consider that the reserve policy is adequate, given the level of performance of the school and based on the premise that the giving nature is generous in a faith based organisation.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees acknowledge their responsibility to manage the risks faced by the charity. They have identified and given due consideration to the risks to which the charity may be exposed and are satisfied that systems are in place to mitigate exposure to those risks. The principal risks being a significantly reduced student intake which would directly impact on fee income, the school buildings becoming uninhabitable (e.g. due to damage) and fraud and error. These risks are managed through a concerted programme of media advertising to attract students to the schools. Regular independent fire and risk assessments are carried out of the premises and a disaster recovery plan is in place in the event the buildings are unavailable so that tuition can continue elsewhere. Appropriate financial controls and reporting systems are in place to provide reasonable assurance against fraud and error.

Structure, governance and management

The charity is an unincorporated charity and it is controlled by its governing document, a deed of trust.

The trustees who served during the year and up to the date of signature of the financial statements were:

Mr I Gangat

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.



Mr I Gangat

Trustee

Dated: 24 June 2020

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees are responsible for preparing the Trustees 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 year.

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; and
- 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 sufficient 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 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF AZHAR ACADEMY

Opinion

We have audited the financial statements of Azhar Academy (the 'charity') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Financial Reporting Standard 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 charity's affairs as at 31 August 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 Charities Act 2011.

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 charity 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 trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 material 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AZHAR ACADEMY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

AGP Consulting

Forhad Ahmed (Senior Statutory Auditor)
for and on behalf of AGP Consulting

Chartered Accountants
Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

AGP Consulting is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Current financial year

	Notes	Unrestricted funds 2019 £
<u>Income from:</u>		
Donations and legacies	3	170,729
Charitable activities	4	1,384,194
Total income		1,554,923
<u>Expenditure on:</u>		
Charitable activities	5	1,579,613
Net expenditure for the year/ Net movement in funds		(24,690)
Fund balances at 1 September 2018		2,401,580
Fund balances at 31 August 2019		2,376,890

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Prior financial year

	Notes	Unrestricted funds 2018 £	Total 2018 £
<u>Income from:</u>			
Donations and legacies	3	190,961	190,961
Charitable activities	4	1,119,139	1,119,139
Total income		1,310,100	1,310,100
<u>Expenditure on:</u>			
Charitable activities	5	1,311,127	1,311,127
Net expenditure for the year/ Net movement in funds		(1,027)	(1,027)
Fund balances at 1 September 2017		2,402,607	2,402,607
Fund balances at 31 August 2018		2,401,580	2,401,580

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	8		2,563,426		2,625,255
Current assets					
Cash at bank and in hand		399,630		416,422	
Creditors: amounts falling due within one year	10	(99,866)		(137,797)	
Net current assets			299,764		278,625
Total assets less current liabilities			2,863,190		2,903,880
Creditors: amounts falling due after more than one year	11		(486,300)		(502,300)
Net assets			2,376,890		2,401,580
Income funds					
Unrestricted funds			2,376,890		2,401,580
			2,376,890		2,401,580

The financial statements were approved by the Trustees on 24 June 2020

Mr I Gangat
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	13		24,181		135,169
Investing activities					
Purchase of tangible fixed assets		(40,973)		(176,154)	
Net cash used in investing activities			(40,973)		(176,154)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(16,792)		(40,985)
Cash and cash equivalents at beginning of year			416,422		457,407
Cash and cash equivalents at end of year			399,630		416,422

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Charity information

Azhar Academy is a public benefit entity, it is an unincorporated charity and is a registered charity registered with the Charity Commission for England and Wales. The charity currently has three Trustees. The principle location of the Charity is 235a Romford Road, London E7 9HL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. School fees are recognised in the period the fees are paid.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	15% reducing balance
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

1.8 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Total
	2019	2018
	£	£
Donations and gifts	170,729	190,961

4 Charitable activities

	Charitable Income 2019	Charitable Income 2018
	£	£
Sales within charitable activities	1,302,194	1,032,518
Other income	82,000	86,621
	1,384,194	1,119,139

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5

Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2019 £	2018 £
Staff costs	1,116,362	884,478
Educational resources	150,277	112,938
Telephone	6,697	10,266
Light and heat	36,316	37,456
Sundries	33,458	46,435
Insurance	21,698	17,995
Legal and professional	30,208	6,243
Repairs and maintenance	34,768	54,800
Rates and water	27,027	26,629
Donations	20,000	-
Depreciation on property	100,429	110,921
Depreciation on Fixtures and fittings	2,373	2,966
	<u>1,579,613</u>	<u>1,311,127</u>
	<u><u>1,579,613</u></u>	<u><u>1,311,127</u></u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Teachers	46	39
Assistants	26	22
Administration	8	8
	<u>80</u>	<u>69</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,044,173	842,952
Social security costs	66,165	38,908
Other pension costs	6,024	2,618
	<u>1,116,362</u>	<u>884,478</u>

There were no employees whose annual remuneration was £60,000 or more.

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2018	3,754,944	85,191	3,840,135
Additions	40,973	-	40,973
	<u>3,795,917</u>	<u>85,191</u>	<u>3,881,108</u>
At 31 August 2019			
Depreciation and impairment			
At 1 September 2018	1,141,552	73,328	1,214,880
Depreciation charged in the year	100,429	2,373	102,802
	<u>1,241,981</u>	<u>75,701</u>	<u>1,317,682</u>
At 31 August 2019			
Carrying amount			
At 31 August 2019	2,553,936	9,490	2,563,426
	<u>2,613,392</u>	<u>11,863</u>	<u>2,625,255</u>
At 31 August 2018			

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9	Financial instruments	2019	2018
		£	£
	Carrying amount of financial liabilities		
	Measured at amortised cost	568,354	615,507
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	2019	2018
		£	£
	Other taxation and social security	17,812	24,590
	Other creditors	77,759	80,697
	Accruals and deferred income	4,295	32,510
		<u> </u>	<u> </u>
		99,866	137,797
		<u> </u>	<u> </u>
11	Creditors: amounts falling due after more than one year	2019	2018
		£	£
	Other creditors	486,300	502,300
		<u> </u>	<u> </u>
12	Related party transactions		
	There were no disclosable related party transactions during the year (2018 - none).		
13	Cash generated from operations	2019	2018
		£	£
	Deficit for the year	(24,690)	(1,027)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	102,802	113,887
	Movements in working capital:		
	(Decrease)/increase in creditors	(53,931)	22,309
		<u> </u>	<u> </u>
	Cash generated from operations	24,181	135,169
		<u> </u>	<u> </u>

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

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Charity number	1080849
Auditor	AGP Consulting Q West Great West Road Brentford TW8 0GP
Bankers	Al Rayan Bank Plc 97 - 99 Whitechapel Road London E1 1DT Natwest Bank Plc PO Box 2027 Parklands De Havilland Horwich Bolton BL6 4YU

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AZHAR ACADEMY

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The charity's objects are advancement of education and furtherance of the religion of Islam and of Islamic Education. Azhar Academy runs nursery, primary and secondary schools in the London Borough of Waltham Forest and Newham. The main objective for the year was the continued operation of the schools and investment in education.

The schools are well established and are consistently rated high in the Borough and in London. The Trustees believe the schools provides education of the highest standard and nurture students to become responsible individuals and citizens.

The charity's activities are dedicated to students' academic, spiritual, moral, social, and cultural development, and the charity considers the success of these activities to be for the public benefit. The trustees have given due consideration to the charity commission published guidance on the public benefit requirement under Charities Act 2011. and there has been no change in these during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

The trustees are pleased with the expansion of the school and the continuing success of providing secondary education to girls.

Overall, the trustees believe that they have met their objectives for the year.

Financial review

At the balance sheet date, the charity had net assets of £2,376,890 (2018: £2,401,580). The trustees consider the financial performance of the charity during the year to be satisfactory. The objective is for the charity and its school operations to be self-sufficient.

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The main objective of the reserve policy is to ensure that the Charity is able to meet its short term operational costs in a situation where income fall below a sustainable level. The actual free reserve at the end of the year is £104k, The board of Trustees consider that the reserve policy is adequate, given the level of performance of the school and based on the premise that the giving nature is generous in a faith based organisation.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees acknowledge their responsibility to manage the risks faced by the charity. They have identified and given due consideration to the risks to which the charity may be exposed and are satisfied that systems are in place to mitigate exposure to those risks. The principal risks being a significantly reduced student intake which would directly impact on fee income, the school buildings becoming uninhabitable (e.g. due to damage) and fraud and error. These risks are managed through a concerted programme of media advertising to attract students to the schools. Regular independent fire and risk assessments are carried out of the premises and a disaster recovery plan is in place in the event the buildings are unavailable so that tuition can continue elsewhere. Appropriate financial controls and reporting systems are in place to provide reasonable assurance against fraud and error.

Structure, governance and management

The charity is an unincorporated charity and it is controlled by its governing document, a deed of trust.

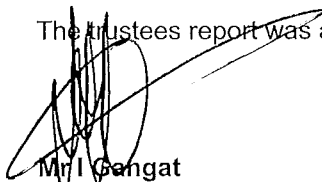
The trustees who served during the year and up to the date of signature of the financial statements were:

Mr I Gangat

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.



Mr I Gangat

Trustee

Dated: 24 June 2020

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees are responsible for preparing the Trustees 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 year.

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; and
- 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 sufficient 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 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF AZHAR ACADEMY

Opinion

We have audited the financial statements of Azhar Academy (the 'charity') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Financial Reporting Standard 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 charity's affairs as at 31 August 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 Charities Act 2011.

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 charity 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 trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 material 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

AGP Consulting

Forhad Ahmed (Senior Statutory Auditor)
for and on behalf of AGP Consulting

Chartered Accountants
Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

AGP Consulting is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Current financial year

	Notes	Unrestricted funds 2019 £
<u>Income from:</u>		
Donations and legacies	3	170,729
Charitable activities	4	1,384,194
Total income		1,554,923
<u>Expenditure on:</u>		
Charitable activities	5	1,579,613
Net expenditure for the year/ Net movement in funds		(24,690)
Fund balances at 1 September 2018		2,401,580
Fund balances at 31 August 2019		2,376,890

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Prior financial year

	Notes	Unrestricted funds 2018 £	Total 2018 £
<u>Income from:</u>			
Donations and legacies	3	190,961	190,961
Charitable activities	4	1,119,139	1,119,139
Total income		1,310,100	1,310,100
<u>Expenditure on:</u>			
Charitable activities	5	1,311,127	1,311,127
Net expenditure for the year/ Net movement in funds		(1,027)	(1,027)
Fund balances at 1 September 2017		2,402,607	2,402,607
Fund balances at 31 August 2018		2,401,580	2,401,580

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	8		2,563,426		2,625,255
Current assets					
Cash at bank and in hand		399,630		416,422	
Creditors: amounts falling due within one year	10	(99,866)		(137,797)	
Net current assets			299,764		278,625
Total assets less current liabilities			2,863,190		2,903,880
Creditors: amounts falling due after more than one year	11		(486,300)		(502,300)
Net assets			2,376,890		2,401,580
Income funds					
Unrestricted funds			2,376,890		2,401,580
			2,376,890		2,401,580

The financial statements were approved by the Trustees on 24 June 2020

Mr I Gangat
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	13		24,181		135,169
Investing activities					
Purchase of tangible fixed assets		(40,973)		(176,154)	
Net cash used in investing activities			(40,973)		(176,154)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(16,792)		(40,985)
Cash and cash equivalents at beginning of year			416,422		457,407
Cash and cash equivalents at end of year			399,630		416,422

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Charity information

Azhar Academy is a public benefit entity, it is an unincorporated charity and is a registered charity registered with the Charity Commission for England and Wales. The charity currently has three Trustees. The principle location of the Charity is 235a Romford Road, London E7 9HL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. School fees are recognised in the period the fees are paid.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	15% reducing balance
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.8 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Total
	2019 £	2018 £
Donations and gifts	170,729	190,961

4 Charitable activities

	Charitable Income 2019 £	Charitable Income 2018 £
Sales within charitable activities	1,302,194	1,032,518
Other income	82,000	86,621
	1,384,194	1,119,139

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5

Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2019 £	2018 £
Staff costs	1,116,362	884,478
Educational resources	150,277	112,938
Telephone	6,697	10,266
Light and heat	36,316	37,456
Sundries	33,458	46,435
Insurance	21,698	17,995
Legal and professional	30,208	6,243
Repairs and maintenance	34,768	54,800
Rates and water	27,027	26,629
Donations	20,000	-
Depreciation on property	100,429	110,921
Depreciation on Fixtures and fittings	2,373	2,966
	<u>1,579,613</u>	<u>1,311,127</u>
	<u><u>1,579,613</u></u>	<u><u>1,311,127</u></u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Teachers	46	39
Assistants	26	22
Administration	8	8
	<u>80</u>	<u>69</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,044,173	842,952
Social security costs	66,165	38,908
Other pension costs	6,024	2,618
	<u>1,116,362</u>	<u>884,478</u>

There were no employees whose annual remuneration was £60,000 or more.

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2018	3,754,944	85,191	3,840,135
Additions	40,973	-	40,973
	<u>3,795,917</u>	<u>85,191</u>	<u>3,881,108</u>
At 31 August 2019			
Depreciation and impairment			
At 1 September 2018	1,141,552	73,328	1,214,880
Depreciation charged in the year	100,429	2,373	102,802
	<u>1,241,981</u>	<u>75,701</u>	<u>1,317,682</u>
At 31 August 2019			
Carrying amount			
At 31 August 2019	<u>2,553,936</u>	<u>9,490</u>	<u>2,563,426</u>
At 31 August 2018	<u>2,613,392</u>	<u>11,863</u>	<u>2,625,255</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9	Financial instruments	2019	2018
		£	£
	Carrying amount of financial liabilities		
	Measured at amortised cost	568,354	615,507
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	2019	2018
		£	£
	Other taxation and social security	17,812	24,590
	Other creditors	77,759	80,697
	Accruals and deferred income	4,295	32,510
		<u> </u>	<u> </u>
		99,866	137,797
		<u> </u>	<u> </u>
11	Creditors: amounts falling due after more than one year	2019	2018
		£	£
	Other creditors	486,300	502,300
		<u> </u>	<u> </u>
12	Related party transactions		
	There were no disclosable related party transactions during the year (2018 - none).		
13	Cash generated from operations	2019	2018
		£	£
	Deficit for the year	(24,690)	(1,027)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	102,802	113,887
	Movements in working capital:		
	(Decrease)/increase in creditors	(53,931)	22,309
		<u> </u>	<u> </u>
	Cash generated from operations	24,181	135,169
		<u> </u>	<u> </u>

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr I Gangat
	Mr F Bobat
	Mr I Amla
Charity number	1080849
Auditor	AGP Consulting
	Q West
	Great West Road
	Brentford
	TW8 0GP
Bankers	Al Rayan Bank Plc
	97 - 99 Whitechapel Road
	London
	E1 1DT
	Natwest Bank Plc
	PO Box 2027 Parklands
	De Havilland
	Horwich
	Bolton
	BL6 4YU

AZHAR ACADEMY

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AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their report and financial statements for the year ended 31 August 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's objects are advancement of education and furtherance of the religion of Islam and of Islamic Education. Azhar Academy runs nursery, primary and secondary schools in the London Borough of Waltham Forest and Newham. The main objective for the year was the continued operation of the schools and investment in education.

The schools are well established and are consistently rated high in the Borough and in London. The Trustees believe the schools provides education of the highest standard and nurture students to become responsible individuals and citizens.

The charity's activities are dedicated to students' academic, spiritual, moral, social, and cultural development, and the charity considers the success of these activities to be for the public benefit. The trustees have given due consideration to the charity commission published guidance on the public benefit requirement under Charities Act 2011. and there has been no change in these during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

The trustees are pleased with the expansion of the school and the continuing success of providing secondary education to girls.

Overall, the trustees believe that they have met their objectives for the year.

Financial review

At the balance sheet date, the charity had net assets of £2,376,890 (2018: £2,401,580). The trustees consider the financial performance of the charity during the year to be satisfactory. The objective is for the charity and its school operations to be self-sufficient.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The main objective of the reserve policy is to ensure that the Charity is able to meet its short term operational costs in a situation where income fall below a sustainable level. The actual free reserve at the end of the year is £104k, The board of Trustees consider that the reserve policy is adequate, given the level of performance of the school and based on the premise that the giving nature is generous in a faith based organisation.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees acknowledge their responsibility to manage the risks faced by the charity. They have identified and given due consideration to the risks to which the charity may be exposed and are satisfied that systems are in place to mitigate exposure to those risks. The principal risks being a significantly reduced student intake which would directly impact on fee income, the school buildings becoming uninhabitable (e.g. due to damage) and fraud and error. These risks are managed through a concerted programme of media advertising to attract students to the schools. Regular independent fire and risk assessments are carried out of the premises and a disaster recovery plan is in place in the event the buildings are unavailable so that tuition can continue elsewhere. Appropriate financial controls and reporting systems are in place to provide reasonable assurance against fraud and error.

Structure, governance and management

The charity is an unincorporated charity and it is controlled by its governing document, a deed of trust.

The trustees who served during the year and up to the date of signature of the financial statements were:

Mr I Gangat

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.



Mr I Gangat

Trustee

Dated: 24 June 2020

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees are responsible for preparing the Trustees 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 year.

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; and
- 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 sufficient 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 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF AZHAR ACADEMY

Opinion

We have audited the financial statements of Azhar Academy (the 'charity') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Financial Reporting Standard 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 charity's affairs as at 31 August 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 Charities Act 2011.

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 charity 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 trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 material 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

AGP Consulting

Forhad Ahmed (Senior Statutory Auditor)
for and on behalf of AGP Consulting

Chartered Accountants
Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

AGP Consulting is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Current financial year

	Notes	Unrestricted funds 2019 £
<u>Income from:</u>		
Donations and legacies	3	170,729
Charitable activities	4	1,384,194
Total income		1,554,923
<u>Expenditure on:</u>		
Charitable activities	5	1,579,613
Net expenditure for the year/ Net movement in funds		(24,690)
Fund balances at 1 September 2018		2,401,580
Fund balances at 31 August 2019		2,376,890

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Prior financial year

	Notes	Unrestricted funds 2018 £	Total 2018 £
<u>Income from:</u>			
Donations and legacies	3	190,961	190,961
Charitable activities	4	1,119,139	1,119,139
Total income		1,310,100	1,310,100
<u>Expenditure on:</u>			
Charitable activities	5	1,311,127	1,311,127
Net expenditure for the year/ Net movement in funds		(1,027)	(1,027)
Fund balances at 1 September 2017		2,402,607	2,402,607
Fund balances at 31 August 2018		2,401,580	2,401,580

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	8		2,563,426		2,625,255
Current assets					
Cash at bank and in hand		399,630		416,422	
Creditors: amounts falling due within one year	10	(99,866)		(137,797)	
Net current assets			299,764		278,625
Total assets less current liabilities			2,863,190		2,903,880
Creditors: amounts falling due after more than one year	11		(486,300)		(502,300)
Net assets			2,376,890		2,401,580
Income funds					
Unrestricted funds			2,376,890		2,401,580
			2,376,890		2,401,580

The financial statements were approved by the Trustees on 24 June 2020

Mr I Gangat
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	13		24,181		135,169
Investing activities					
Purchase of tangible fixed assets		(40,973)		(176,154)	
Net cash used in investing activities			(40,973)		(176,154)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(16,792)		(40,985)
Cash and cash equivalents at beginning of year			416,422		457,407
Cash and cash equivalents at end of year			<u>399,630</u>		<u>416,422</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Charity information

Azhar Academy is a public benefit entity, it is an unincorporated charity and is a registered charity registered with the Charity Commission for England and Wales. The charity currently has three Trustees. The principle location of the Charity is 235a Romford Road, London E7 9HL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. School fees are recognised in the period the fees are paid.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	15% reducing balance
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.8 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Total
	2019 £	2018 £
Donations and gifts	170,729	190,961

4 Charitable activities

	Charitable Income 2019 £	Charitable Income 2018 £
Sales within charitable activities	1,302,194	1,032,518
Other income	82,000	86,621
	1,384,194	1,119,139

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

5

Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2019 £	2018 £
Staff costs	1,116,362	884,478
Educational resources	150,277	112,938
Telephone	6,697	10,266
Light and heat	36,316	37,456
Sundries	33,458	46,435
Insurance	21,698	17,995
Legal and professional	30,208	6,243
Repairs and maintenance	34,768	54,800
Rates and water	27,027	26,629
Donations	20,000	-
Depreciation on property	100,429	110,921
Depreciation on Fixtures and fittings	2,373	2,966
	<u>1,579,613</u>	<u>1,311,127</u>
	<u><u>1,579,613</u></u>	<u><u>1,311,127</u></u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Teachers	46	39
Assistants	26	22
Administration	8	8
	<u>80</u>	<u>69</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,044,173	842,952
Social security costs	66,165	38,908
Other pension costs	6,024	2,618
	<u>1,116,362</u>	<u>884,478</u>

There were no employees whose annual remuneration was £60,000 or more.

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2018	3,754,944	85,191	3,840,135
Additions	40,973	-	40,973
	<u>3,795,917</u>	<u>85,191</u>	<u>3,881,108</u>
At 31 August 2019			
Depreciation and impairment			
At 1 September 2018	1,141,552	73,328	1,214,880
Depreciation charged in the year	100,429	2,373	102,802
	<u>1,241,981</u>	<u>75,701</u>	<u>1,317,682</u>
At 31 August 2019			
Carrying amount			
At 31 August 2019	<u>2,553,936</u>	<u>9,490</u>	<u>2,563,426</u>
At 31 August 2018	<u>2,613,392</u>	<u>11,863</u>	<u>2,625,255</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9	Financial instruments	2019	2018
		£	£
	Carrying amount of financial liabilities		
	Measured at amortised cost	568,354	615,507
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	2019	2018
		£	£
	Other taxation and social security	17,812	24,590
	Other creditors	77,759	80,697
	Accruals and deferred income	4,295	32,510
		<u> </u>	<u> </u>
		99,866	137,797
		<u> </u>	<u> </u>
11	Creditors: amounts falling due after more than one year	2019	2018
		£	£
	Other creditors	486,300	502,300
		<u> </u>	<u> </u>
12	Related party transactions		
	There were no disclosable related party transactions during the year (2018 - none).		
13	Cash generated from operations	2019	2018
		£	£
	Deficit for the year	(24,690)	(1,027)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	102,802	113,887
	Movements in working capital:		
	(Decrease)/increase in creditors	(53,931)	22,309
		<u> </u>	<u> </u>
	Cash generated from operations	24,181	135,169
		<u> </u>	<u> </u>

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr I Gangat
	Mr F Bobat
	Mr I Amla
Charity number	1080849
Auditor	AGP Consulting
	Q West
	Great West Road
	Brentford
	TW8 0GP
Bankers	Al Rayan Bank Plc
	97 - 99 Whitechapel Road
	London
	E1 1DT
	Natwest Bank Plc
	PO Box 2027 Parklands
	De Havilland
	Horwich
	Bolton
	BL6 4YU

AZHAR ACADEMY

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AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their report and financial statements for the year ended 31 August 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's objects are advancement of education and furtherance of the religion of Islam and of Islamic Education. Azhar Academy runs nursery, primary and secondary schools in the London Borough of Waltham Forest and Newham. The main objective for the year was the continued operation of the schools and investment in education.

The schools are well established and are consistently rated high in the Borough and in London. The Trustees believe the schools provides education of the highest standard and nurture students to become responsible individuals and citizens.

The charity's activities are dedicated to students' academic, spiritual, moral, social, and cultural development, and the charity considers the success of these activities to be for the public benefit. The trustees have given due consideration to the charity commission published guidance on the public benefit requirement under Charities Act 2011. and there has been no change in these during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

The trustees are pleased with the expansion of the school and the continuing success of providing secondary education to girls.

Overall, the trustees believe that they have met their objectives for the year.

Financial review

At the balance sheet date, the charity had net assets of £2,376,890 (2018: £2,401,580). The trustees consider the financial performance of the charity during the year to be satisfactory. The objective is for the charity and its school operations to be self-sufficient.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The main objective of the reserve policy is to ensure that the Charity is able to meet its short term operational costs in a situation where income fall below a sustainable level. The actual free reserve at the end of the year is £104k, The board of Trustees consider that the reserve policy is adequate, given the level of performance of the school and based on the premise that the giving nature is generous in a faith based organisation.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees acknowledge their responsibility to manage the risks faced by the charity. They have identified and given due consideration to the risks to which the charity may be exposed and are satisfied that systems are in place to mitigate exposure to those risks. The principal risks being a significantly reduced student intake which would directly impact on fee income, the school buildings becoming uninhabitable (e.g. due to damage) and fraud and error. These risks are managed through a concerted programme of media advertising to attract students to the schools. Regular independent fire and risk assessments are carried out of the premises and a disaster recovery plan is in place in the event the buildings are unavailable so that tuition can continue elsewhere. Appropriate financial controls and reporting systems are in place to provide reasonable assurance against fraud and error.

Structure, governance and management

The charity is an unincorporated charity and it is controlled by its governing document, a deed of trust.

The trustees who served during the year and up to the date of signature of the financial statements were:

Mr I Gangat

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.



Mr I Gangat

Trustee

Dated: 24 June 2020

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees are responsible for preparing the Trustees 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 year.

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; and
- 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 sufficient 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 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF AZHAR ACADEMY

Opinion

We have audited the financial statements of Azhar Academy (the 'charity') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Financial Reporting Standard 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 charity's affairs as at 31 August 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 Charities Act 2011.

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 charity 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 trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 material 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.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

AZHAR ACADEMY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF AZHAR ACADEMY

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

AGP Consulting

Forhad Ahmed (Senior Statutory Auditor)
for and on behalf of AGP Consulting

Chartered Accountants
Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

AGP Consulting is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Current financial year

	Notes	Unrestricted funds 2019 £
<u>Income from:</u>		
Donations and legacies	3	170,729
Charitable activities	4	1,384,194
Total income		<u>1,554,923</u>
<u>Expenditure on:</u>		
Charitable activities	5	<u>1,579,613</u>
Net expenditure for the year/ Net movement in funds		(24,690)
Fund balances at 1 September 2018		<u>2,401,580</u>
Fund balances at 31 August 2019		<u><u>2,376,890</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Prior financial year

	Notes	Unrestricted funds 2018 £	Total 2018 £
<u>Income from:</u>			
Donations and legacies	3	190,961	190,961
Charitable activities	4	1,119,139	1,119,139
Total income		<u>1,310,100</u>	<u>1,310,100</u>
<u>Expenditure on:</u>			
Charitable activities	5	<u>1,311,127</u>	<u>1,311,127</u>
Net expenditure for the year/ Net movement in funds		(1,027)	(1,027)
Fund balances at 1 September 2017		<u>2,402,607</u>	<u>2,402,607</u>
Fund balances at 31 August 2018		<u><u>2,401,580</u></u>	<u><u>2,401,580</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	8		2,563,426		2,625,255
Current assets					
Cash at bank and in hand		399,630		416,422	
Creditors: amounts falling due within one year	10	(99,866)		(137,797)	
Net current assets			299,764		278,625
Total assets less current liabilities			2,863,190		2,903,880
Creditors: amounts falling due after more than one year	11		(486,300)		(502,300)
Net assets			2,376,890		2,401,580
Income funds					
Unrestricted funds			2,376,890		2,401,580
			2,376,890		2,401,580

The financial statements were approved by the Trustees on 24 June 2020

Mr I Gangat
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	13		24,181		135,169
Investing activities					
Purchase of tangible fixed assets		(40,973)		(176,154)	
Net cash used in investing activities			(40,973)		(176,154)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(16,792)		(40,985)
Cash and cash equivalents at beginning of year			416,422		457,407
Cash and cash equivalents at end of year			<u>399,630</u>		<u>416,422</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Charity information

Azhar Academy is a public benefit entity, it is an unincorporated charity and is a registered charity registered with the Charity Commission for England and Wales. The charity currently has three Trustees. The principle location of the Charity is 235a Romford Road, London E7 9HL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. School fees are recognised in the period the fees are paid.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	15% reducing balance
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

1.8 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Total
	2019	2018
	£	£
Donations and gifts	170,729	190,961
	<u>170,729</u>	<u>190,961</u>

4 Charitable activities

	Charitable Income 2019	Charitable Income 2018
	£	£
Sales within charitable activities	1,302,194	1,032,518
Other income	82,000	86,621
	<u>1,384,194</u>	<u>1,119,139</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5

Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2019 £	2018 £
Staff costs	1,116,362	884,478
Educational resources	150,277	112,938
Telephone	6,697	10,266
Light and heat	36,316	37,456
Sundries	33,458	46,435
Insurance	21,698	17,995
Legal and professional	30,208	6,243
Repairs and maintenance	34,768	54,800
Rates and water	27,027	26,629
Donations	20,000	-
Depreciation on property	100,429	110,921
Depreciation on Fixtures and fittings	2,373	2,966
	<u>1,579,613</u>	<u>1,311,127</u>
	<u><u>1,579,613</u></u>	<u><u>1,311,127</u></u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Teachers	46	39
Assistants	26	22
Administration	8	8
	<u>80</u>	<u>69</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,044,173	842,952
Social security costs	66,165	38,908
Other pension costs	6,024	2,618
	<u>1,116,362</u>	<u>884,478</u>

There were no employees whose annual remuneration was £60,000 or more.

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2018	3,754,944	85,191	3,840,135
Additions	40,973	-	40,973
	<u>3,795,917</u>	<u>85,191</u>	<u>3,881,108</u>
At 31 August 2019			
Depreciation and impairment			
At 1 September 2018	1,141,552	73,328	1,214,880
Depreciation charged in the year	100,429	2,373	102,802
	<u>1,241,981</u>	<u>75,701</u>	<u>1,317,682</u>
At 31 August 2019			
Carrying amount			
At 31 August 2019	<u>2,553,936</u>	<u>9,490</u>	<u>2,563,426</u>
At 31 August 2018	<u>2,613,392</u>	<u>11,863</u>	<u>2,625,255</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9	Financial instruments	2019	2018
		£	£
	Carrying amount of financial liabilities		
	Measured at amortised cost	568,354	615,507
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	2019	2018
		£	£
	Other taxation and social security	17,812	24,590
	Other creditors	77,759	80,697
	Accruals and deferred income	4,295	32,510
		<u> </u>	<u> </u>
		99,866	137,797
		<u> </u>	<u> </u>
11	Creditors: amounts falling due after more than one year	2019	2018
		£	£
	Other creditors	486,300	502,300
		<u> </u>	<u> </u>
12	Related party transactions		
	There were no disclosable related party transactions during the year (2018 - none).		
13	Cash generated from operations	2019	2018
		£	£
	Deficit for the year	(24,690)	(1,027)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	102,802	113,887
	Movements in working capital:		
	(Decrease)/increase in creditors	(53,931)	22,309
		<u> </u>	<u> </u>
	Cash generated from operations	24,181	135,169
		<u> </u>	<u> </u>