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**AZHAR ACADEMY**

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**TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**AZHAR ACADEMY**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Trustees and officers**

Mr Ismail Gangat  
Mr Faisal Bobat  
Mr Ismail Amla

**Charity registered number**

1080849

**Principal office**

235a Romford Road  
London  
E7 9HL

**Independent auditors**

AGP Accountants Ltd  
Chartered Accountants & Registered Auditor  
Unit 8 Quebec Wharf  
14 Thomas Road  
London  
E14 7AF

**Bankers**

Al Rayan Bank Plc  
97 - 99 Whitechapel Road  
London  
E1 1DT

Natwest Bank Plc  
PO Box 2027 Parklands  
De Havilland Way  
Horwich, Bolton  
BL6 4YU

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## **AZHAR ACADEMY**

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### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the audited financial statements for the year ended 31 August 2016.

#### **Structure, governance and management**

##### **Governing document**

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

##### **Risk management**

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.

##### **Objectives and aims**

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 secondary schools and investment in education.

The school is well established and are consistently rated high in the Borough and in London. The school provides education of the highest standard and nurture students who are 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.

##### **Achievement and performance**

##### **Charitable activities**

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.

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**AZHAR ACADEMY**

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## AZHAR ACADEMY

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

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#### Trustees' responsibilities statement


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 & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and 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.

This report was approved by the trustees on 29 June 2017 and signed on their behalf by:

  
.....  
I Gangat  
Trustee

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## AZHAR ACADEMY

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF AZHAR ACADEMY

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We have audited the financial statements of Azhar Academy for the year ended 31 August 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statements of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 its trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other charities of this size and nature, the charity uses our firm to prepare and submit returns to the Charity Commission and assist with the preparation of the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**AZHAR ACADEMY**

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**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF AZHAR ACADEMY**

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**Unqualified opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2016 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and in other respects the requirements of the Charities Act 2011.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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



Forhad Ahmed (Senior statutory auditor)

for and on behalf of  
**AGP Accountants Ltd**

Chartered Accountants and Statutory Auditor

Unit 8 Quebec Wharf  
14 Thomas Road  
London  
E14 7AF  
29 June 2017

AGP Accountants Ltd are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.



**AZHAR ACADEMY**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>				
Donations and legacies	2	1,049,318	1,049,318	392,947
Charitable activities	3	924,661	924,661	782,296
<b>Total income</b>		<b>1,973,979</b>	<b>1,973,979</b>	<b>1,175,243</b>
<b>Expenditure on:</b>				
Charitable activities	6	1,095,435	1,095,435	950,598
<b>Total expenditure</b>	7	<b>1,095,435</b>	<b>1,095,435</b>	<b>950,598</b>
<b>Net income before other recognised gains and losses</b>		<b>878,544</b>	<b>878,544</b>	<b>224,645</b>
<b>Net movement in funds</b>		<b>878,544</b>	<b>878,544</b>	<b>224,645</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		1,384,802	1,384,802	1,160,157
<b>Total funds carried forward</b>		<b>2,263,346</b>	<b>2,263,346</b>	<b>1,384,802</b>

All activities relate to continuing operations.

The notes on pages 8 to 15 form part of these financial statements.

# AZHAR ACADEMY

## BALANCE SHEET AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	10		2,550,819		2,543,773
<b>Current assets</b>					
Cash at bank and in hand		384,594		220,528	
<b>Creditors:</b> amounts falling due within one year	11	(122,267)		(71,009)	
<b>Net current assets</b>			262,327		149,519
<b>Total assets less current liabilities</b>			2,813,146		2,693,292
<b>Creditors:</b> amounts falling due after more than one year	12		(549,800)		(1,308,490)
<b>Net assets</b>			2,263,346		1,384,802
<b>Charity Funds</b>					
Unrestricted funds	13		2,263,346		1,384,802
<b>Total funds</b>			2,263,346		1,384,802

The financial statements were approved by the trustees on 29 June 2017 and signed on their behalf, by:

.....  
I Gangat, Trustee

The notes on pages 8 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Azhar Academy constitutes a public benefit entity as defined by FRS 102.

**1.2 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

**1.3 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.



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## AZHAR ACADEMY

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1. Accounting policies (continued)

##### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

##### 1.5 Taxation

The parent company is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Improvements to property	-	15% on reducing balance
Fixtures and fittings	-	20% on reducing balance

# AZHAR ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 2. Income from donations and legacies

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	328,022	328,022	392,947
Qard hasanah waived	721,296	721,296	-
	<u>1,049,318</u>	<u>1,049,318</u>	<u>392,947</u>
Total donations and legacies	<u>1,049,318</u>	<u>1,049,318</u>	<u>392,947</u>

In 2015, of the total income from donations and legacies, £1,049,318 was to unrestricted funds and £ NIL was to restricted funds

### 3. Income from charitable activities

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
School fees	714,656	714,656	711,792
Other school receipts	210,005	210,005	70,504
	<u>924,661</u>	<u>924,661</u>	<u>782,296</u>
	<u>924,661</u>	<u>924,661</u>	<u>782,296</u>

In 2015, of the total income from charitable activities, £924,661 was to unrestricted funds and £ NIL was to restricted funds.

**AZHAR ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**4. Direct costs**

	Charitable activities £	Total 2016 £	Total 2015 £
Educational resources	106,526	106,526	122,559
Light and heat	37,263	37,263	37,511
Telephone	7,170	7,170	5,417
Sundries	12,840	12,840	7,841
Insurance	17,654	17,654	27,696
Legal and professional	4,316	4,316	11,777
Repairs and maintenance	28,939	28,939	71,217
Household and cleaning	1,806	1,806	1,343
Staff training	6,445	6,445	4,781
Rates and water	25,858	25,858	11,282
Donations	216	216	216
Improvements to property	98,354	98,354	96,789
Fixtures and fittings	2,160	2,160	2,701
Wages and salaries	700,375	700,375	511,146
At 31 August 2016	<u>1,049,922</u>	<u>1,049,922</u>	<u>912,276</u>

**5. Support costs**

	Support costs £	Total 2016 £	Total 2015 £
Office costs	41,818	41,818	35,232
Bank interest and charges	95	95	90
At 31 August 2016	<u>41,913</u>	<u>41,913</u>	<u>35,322</u>

**6. Governance costs**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Auditors remuneration	<u>3,600</u>	<u>3,600</u>	<u>3,000</u>

# AZHAR ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 7. Analysis of resources expended by expenditure type

	Staff costs 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Charitable activities	700,375	349,547	1,049,922	912,276
Support costs	-	41,913	41,913	35,322
<b>Charitable activities</b>	<b>700,375</b>	<b>391,460</b>	<b>1,091,835</b>	<b>947,598</b>
<b>Expenditure on governance</b>	<b>-</b>	<b>3,600</b>	<b>3,600</b>	<b>3,000</b>
	<b>700,375</b>	<b>395,060</b>	<b>1,095,435</b>	<b>950,598</b>

### 8. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	100,514	99,490
Auditors' remuneration - audit	3,600	3,000

During the year, no trustees received any remuneration (2015 - £NIL).

During the year, no trustees received any benefits in kind (2015 - £NIL).

During the year, no trustees received any reimbursement of expenses (2015 - £NIL).



# AZHAR ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 9. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	<u>700,375</u>	<u>511,146</u>

The average number of persons employed by the charity during the year was as follows:

	2016 No.	2015 No.
Teaching	37	37
Assistants	23	23
Administration	3	3
	<u>63</u>	<u>63</u>

No employee received remuneration amounting to more than £60,000 in either year.

There were no trustees' remuneration, other benefits or expenses paid for the year ended 31 August 2016 nor for the year ended 31 August 2015.

### 10. Tangible fixed assets

	Freehold property £	Improvement s to property £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2015	1,984,837	1,379,605	77,276	3,441,718
Additions	-	107,560	-	107,560
At 31 August 2016	<u>1,984,837</u>	<u>1,487,165</u>	<u>77,276</u>	<u>3,549,278</u>
<b>Depreciation</b>				
At 1 September 2015	-	831,471	66,474	897,945
Charge for the year	-	98,354	2,160	100,514
At 31 August 2016	<u>-</u>	<u>929,825</u>	<u>68,634</u>	<u>998,459</u>
<b>Net book value</b>				
At 31 August 2016	<u>1,984,837</u>	<u>557,340</u>	<u>8,642</u>	<u>2,550,819</u>
At 31 August 2015	<u>1,984,837</u>	<u>548,134</u>	<u>10,802</u>	<u>2,543,773</u>

# AZHAR ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Other taxation and social security	18,748	-
Other creditors	74,609	71,009
Accruals and deferred income	28,910	-
	<u>122,267</u>	<u>71,009</u>

### 12. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>549,800</u>	<u>1,308,490</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable other than by instalments	<u>549,800</u>	<u>1,308,490</u>

The amounts owing under creditors represents interest free loans given by the members of the public. Although agreements are made when these loans will be paid back to the lenders, it is an informal agreement. This means that if the charity does not have the funds to pay back any amounts due then usually it is paid at a later date when funds are available. Due to this the trustees consider that, in order to give a better understanding, this balance should be disclosed under this heading

### 13. Statement of funds

	Brought Forward £	Income £	Expenditure £	Carried Forward £
<b>Unrestricted funds</b>				
General Funds - all funds	1,384,802	2,002,889	(1,095,435)	2,292,256
Other General funds	-	(28,910)	-	(28,910)
	<u>1,384,802</u>	<u>1,973,979</u>	<u>(1,095,435)</u>	<u>2,263,346</u>
 <b>Summary of funds</b>				
	Brought Forward £	Income £	Expenditure £	Carried Forward £
General funds	<u>1,384,802</u>	<u>1,973,979</u>	<u>(1,095,435)</u>	<u>2,263,346</u>



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**AZHAR ACADEMY**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**14. Operating lease commitments**

At 31 August 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	34,382	34,382
Between 1 and 5 years	77,089	111,471
Total	<u>111,471</u>	<u>145,853</u>

**AZHAR ACADEMY**

**DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	2016 £	2015 £
<b>INCOMING RESOURCES</b>		
Donations	328,022	392,947
School fees	714,656	711,792
Other school receipts	210,005	70,504
Qard hasanah waived	721,296	-
	<hr/>	<hr/>
<b>Total incoming resources</b>	<hr/> <b>1,973,979</b> <hr/>	<hr/> <b>1,175,243</b> <hr/>
<b>Less: Charity expenditure</b>		
Wages	700,375	511,146
Educational resources	78,672	122,559
Light and heat	37,263	37,511
Telephone	7,170	5,417
Sundries	2,832	7,841
Insurance	17,654	27,696
Legal and professional	4,316	11,777
Repairs and maintenance	28,939	71,217
Staff training	6,445	4,781
Rates and water	25,858	11,282
Donations	216	216
Cleaning	1,806	1,343
Office costs	79,680	35,232
Bank interest and charges	95	90
Auditors' remuneration	3,600	3,000
Depreciation- Improvements to property	98,354	96,789
Depreciation- Fixtures and fittings	2,160	2,701
	<hr/>	<hr/>
<b>Total Charity expenditure</b>	<hr/> <b>1,095,435</b> <hr/>	<hr/> <b>950,598</b> <hr/>
<b>Net expenditure from charitable sources</b>	<hr/> <b>(1,095,435)</b> <hr/>	<hr/> <b>(950,598)</b> <hr/>
<b>Net income for the year</b>	<hr/> <b>878,544</b> <hr/>	<hr/> <b>224,645</b> <hr/>