

Al Misbaah Academy (AMA)

**Annual Report and Financial Statements
Period ending on 31st August 2018**

Charity Number: 1172726

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Al Misbaah Academy (AMA)

I. Administrative Information

Charity Number: 1172726

Registered office: 191 Westwood Road, Ilford, IG3 8SE

Principal Office: 645 High Road, Seven Kings, Ilford, IG3 8RG

Directors and Trustees

The directors of the Al Misbaah Academy (AMA) (the charity) are its trustees for charity law. The trustees and officers serving during the year and since the year end were as follows:

Mohammed Ibn Sadiq Kothia	Chairman	Appointed on	24 th April 2017
Bhavika Aysha Noorgat		Appointed on	24 th April 2017
Dr. Haseeb Valli		Appointed on	24 th April 2017
Zaid Noorgat		Appointed on	24 th April 2017
Naeema Maqbul Patel		Appointed on	24 th April 2017
Imam Suhail Patel		Appointed on	24 th April 2017

Key Management Personal

CEO Imam Suhail Patel

Our Advisers

Bankers: Santander UK Plc. 2 Triton Square, Regent's Place, London, NW1 3AN

Independent Examiners: SK Accountants Limited, Old Poplar Library, 45 Gillender St, Poplar, E14 6RN

II. Trustees' Report

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the period ending on 31st August 2018 which are also prepared to meet the requirements for a directors' report and accounts for Charities Act purposes.

The financial statements comply with the Charities Act 2011, by its constitution, 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) (effective 1 January 2015).

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Structure, Governance and Management

Governing Document

Al Misbaah Academy (AMA) is constituted as a charitable trust registered with the Charity Commission in April 2017 under charity number 1172726. It is governed by a Charitable Incorporated Organisation last updated in June 2017.

Organisational structure

The charity trustees are responsible for the general control and management of the charity. The trustees meet together as a body weekly and are responsible for the overall governance of Al Misbaah Academy and to oversee the management and day to day running of the charity. To organise the governance of the charity, the trustees are in the process of setting up a number of sub-committees to delegate key areas of responsibility.

The day-to-day management of Al Misbaah Academy (AMA) and administration of the projects are controlled by the CEO.

Recruitment and appointment of trustees

The existing trustees are responsible for the recruitment of new trustees. In selecting new trustees, we seek to identify people who are committed individuals whose views are aligned to the charity's vision in addition to being able to offer relevant skills and experience.

Potential trustees are invited to attend trustees' meetings to meet the trustees and have an informal interview and are given more details about the charity's aims and activities and, if all agree, they are then proposed as new trustees at the subsequent trustees' meeting.

This process allows due consideration of the person's eligibility, personal competence, specialist knowledge and skills.

Induction and training of new trustees

Following appointment, new trustees are introduced to their new role and given copies of the governing document, a copy of the most recent, 'The Essential Trustee' guidance booklet, and a guide to the policies and procedures adopted by our charity.

A number of publications from the Charity Commission are also provided including the guidance on charities and public benefit and on the advancement of religion for the public benefit.

This ensures that new trustees are aware of the scope of their responsibilities under the Charities Act. Initially, new trustees work with an existing trustee assisting on particular activities and projects run by the charity. After satisfactory feedback from existing trustees, they are given the task of leading a particular activity or project, reporting progress at trustees' meetings.

Risk management

The trustees have assessed the risks the charity faces and have drawn up a risk matrix which identifies the major risks by area of activity, the nature of those risks, the likelihood of

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the risks happening, and the measures taken to manage them. The trustees review the risk matrix regularly at their meetings.

The trustees are satisfied that systems are in place, or arrangements are in hand, to manage the risks that have been identified. In particular, insurance cover is in place and the finances of Al Misbaah Academy (AMA) are kept under review. Appropriate Criminal Records Bureau (CRB/DBS) checks, supported by regularly reviewed policies, are made for all those who work with children or other vulnerable groups within the premises.

Objectives & Activities

Our Aims

The objectives of the charity are set out in the Charity's governing document and are summarised as follows:

1. To advance education for the benefit of the poor, underprivileged and the general public, by means of, but not exclusively, the provision or the assistance in the provision of educational activities and facilities for those in the UK.
2. To advance the religion of Islam, by the means of but not exclusively, promoting the correct understanding of the beliefs and practices and provision or assistance in the provision of facilities for worship and Islamic education for the benefit of the community in the UK, in accordance with the teachings of the Quraan and Sunnah of the Prophet Muhammad (PBUH) as interpreted by the Ahle Sunnah Wal Jamaah school of thought.
3. To relieve financial hardship, distress and suffering among poor people, victims of natural and man-made disasters and other people in need, by means of, but not exclusively, fundraising donations for providing or paying for food, items, equipment, clothing, accommodation and such services and facilities for the benefit of the said persons.
4. To provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

Our objectives

Our objectives are set to reflect our faith and community aims. Each year our trustees will review our objectives and activities to ensure they continue to reflect our aims. In carrying out this review the trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit.

Activities and achievements

How our activities deliver public benefit

The charity carries out a wide range of activities in pursuance of its charitable aims. The trustees consider that these activities, summarised below, provide benefit both to our students who study at Al Misbaah Academy (AMA) and the wider community of Redbridge, London.

Children's Classes: Al Misbaah Academy operates Supplementary School classes on both the weekdays and weekends catering for over 500 students ranging between ages 5 – 16.

Hifz classes: Memorisation of the Qur'aan is considered an important element of religious education and training. We continue to provide this facility for those studying at Al Misbaah Academy (AMA). We are pleased with this program which continues to run successfully with 15 young people regularly attending these classes.

Programmes on the Qur'aan: We have successfully had two of our students completing the memorisation of the entire Qur'aan. The theme of their graduation was on the Qur'aan which was extremely well attended by all members of the community with over 800 men, women and children in attendance.

Qur'aan competitions: 13 of our students successfully competed in the "Read & Rise annual Qur'aan memorisation competition" at London Hilton Metropole on Edgware Road with 4 of them attaining excellence and the remainder being awarded with certificates of "very good" reflecting their performances in the competition. Alongside this, a further 15 students were chosen by Abdullah Aid, to perform Islamic songs at their Tears of Rohingya charity event.

Evening adult classes: We also operate numerous classes for both male and female adults within the community tailored to their requirements and needs.

Recreational activities: We regularly arrange trips for our students, taking them to venues such as; Chessington world of adventures, Paintball Mayhem, flip out trampoline park, camping etc.

Youth work: We have also formed a youth group called "Youth of Today". It is a group of local youth wanting to make a difference to the youth within the community. We run numerous events throughout the year geared towards the youth. We also run football training sessions under this youth group. We also have a separate youth programme geared towards teenage girls called "Sisterhood".

Community outreach programs: We occasionally run "Afternoon tea parties" giving members of the wider community an opportunity to socialise and get to engage with one another in a safe and fun environment.

Financial review

Reserves policy

The trustees have reviewed the reserves of the charity. The aim is to hold enough cash unrestricted funds within the reserves to cover three months of operational expenses.

Currently the charity holds enough reserves to cover one month of operational expenses.

The current free reserves of the charity are 10,232.

Plans for the future current general unrestricted funds are below the target of 3 months, the charity aim to increase this level of fund to meet this target.

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Trustee responsibilities in relation to financial statements

The charity trustees of Al Misbaah Academy are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Charity law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity incoming resources and application of resources, including the income and expenditure, of the charitable for that period. In preparing the 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011.

They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Approved by our Board of Trustees on 27/06/2019.

Signed on its behalf.

.....
Trustee

Name: Mohammed Ibn Sadiq Kothia

And

.....
Trustee

Name: Bhavika Aysha Noorgat

III. Independent Examiners Report

Respective responsibilities of trustees and examiner

The trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed. The charity's gross income exceeded £250,000.

It is my responsibility to:

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

Basis of independent examiner's statement

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

Independent examiner's statement

In connection with my examination, no material matters have come to my attention (other than that disclosed below if any) which gives me cause to believe that in, any material respect:

- accounting records were not kept in accordance the Charities Act; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements of Charities Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Date: 28th June 2019

SK Accountants

Address: Old Poplar Library, 45 Gillender St, Poplar, E14 6RN

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IV. Financial Statements

Statement of Financial Activities

		Unrestricted	Restricted	2018 Total Funds
	Notes	£	£	£
Income:				
Donations and legacies	3	2,951	-	2,951
Income from charitable activities:	4	248,505	-	248,505
Total income		251,456	-	251,456
Expenditure				
Expenditure on charitable activities	5	239,724	-	239,724
Governance costs		1,500	-	1,500
Total expenditure		(241,224)	-	(241,224)
Net movement in funds for the year		10,232	-	10,232
Reconciliation of funds				
Total Funds Brought Forward		-	-	-
Total funds carried forward		10,232	-	10,232

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities

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Statement of Financial Position (Balance Sheet)

		2018 £
Fixed assets		
Tangible assets		-
	Total Fixed Assets	-
Current assets		
Debtors	10	15,000
Cash at bank and in hand		7,839
	Total Current Assets	22,839
Liabilities		
Creditors falling due within one year	11	12,608
	Current assets less current liabilities	10,232
Creditors: falling due after more than 1 year		-
	Net assets	10,232
The funds of the charity:	12	
Unrestricted income: -		
General Reserve Funds		10,232
	Total charity funds	10,232

Financial statements were approved on 27/06/2019 by the members of the committee and authorised for issue. Signed on their behalf by:


.....
Trustee

Name: Mohammed Ibn Sadiq Kothia


.....
Trustee

Name: Bhavika Aysha Noorgat

Al Misbaah Academy (AMA)

Statement of Cash Flows

	2018
	£
	<hr/>
<u>Cash flows from operating activities:</u>	
Net movement in funds	10,232
Add back depreciation charge	-
(Increase)/Decrease of debtors	(15,000)
Increase/(Decrease) of creditors	12,608
	<hr/>
Net cash flow of operating activities	7,839
	<hr/>
Net Cash flows from investing activities:	-
	<hr/>
	<hr/>
<u>Change In cash and cash equivalents in the year</u>	7,839
	<hr/>
Cash and Cash equivalents brought forward	
	<hr/>
Total cash and cash equivalents at year end	7,839
	<hr/>

Notes to the Financial Statements

1. Accounting Policies

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

a) Basis of preparation (First time adoption of FRS102)

The financial statements have been prepared in accordance with Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Al Misbaah Academy (AMA) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Income received in advance of a project or provision of other specified service it is deferred until the criteria for income recognition are met.

c) Donated services and facilities

Donated professional services and donated facilities are recognised as income 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 by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised based on 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 key donated facility has been provided by the Seven Kings Muslim Educational Trusts for specific use of activities of AMA.

d) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the charity which the Trustees have decided to set aside to use for a specific purpose.

Restricted funds are donations or grants which the funder has specified are to be solely used for areas of the charity's work or for specific projects being undertaken by the charity.

e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. Support costs have been allocated in proportion to expenditure incurred in undertaking an activity.

g) Debtors

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

h) Cash at bank and in hand

Cash at bank and cash in hand includes cash or opening of a cash deposit account or similar account.

i) Creditors and provisions

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

j) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

k) Going Concern

The accounts are prepared on a going concern basis there are no material uncertainties about the charities ability to continue.

l) Reporting Period

The report has been prepared for 16 months ending on 31st August 2018, the reason for this is the trustee have chosen the 31st August as a year end as this is the end of educational programs and the new terms start on the 01st of September.

The trustees have the legal authority to do this as mentioned in constitution adopted on 24th April 2017.

2. Related party transactions and trustees' remuneration

Imam Suhail Patel is a trustee of the charity as well the CEO. As such he is remunerated for his duties as Chief Executive Officer and not for his work as a trustee, He is remunerated at the average rate of £9.45 Per Hour at 40 hours per week, over the 16 months total sum of remuneration is £25,994 (Amount is including Employers National Insurance Contributions). With the outstanding balance at the year-end owing to him for £1,607.

Imam Suhail Patel also benefits from an interest free loan of the total amount of £19,000 throughout the year, with the outstanding balance at year end of £15,000. which has been repaid within the 3 months from the end of the current reporting end date.

Naeema Patel is trustee of the charity and is also employed as a class teacher. As such she is remunerated for her duties as a class teacher and not for her work as a trustee, she is remunerated at the average rate of £9 Per Hour, over the 16 months total sum of remuneration is £10,540 (Amount is including Employers National Insurance Contributions). With the outstanding balance at the year-end owing to him for £788.

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3. Income from donations and legacies

	2018
	£
	<hr/>
Donations	2,951

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts. (Donations is inclusive of donated services by SK Accountants, the charity also benefits from a donated venue provided by the Seven Kings Muslim Trust free of charge, the value of this service has not been included as it cannot be reliably valued at fair market value).

4. Income from charitable activities

	2018
	£
	<hr/>
Madrasa Classes	248,505

The charity runs a madrasa class with the objective of advancing Islamic education, with aim to produce educated, active members of society able to propagate authentic knowledge derived from traditional sources and apply them in a contemporary context by providing educational courses for youths and adults alike.

5. Analysis of expenditure on charitable activities

	Staff costs	Other costs	Support costs	Total 2018
	£	£	£	£
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted Funds	201,597	22,938	16,689	241,224
	<hr/>	<hr/>	<hr/>	<hr/>
	201,597	22,938	16,689	241,224

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6. Analysis of staff costs, Charity remuneration and expenses, and key management personnel.

	2018
	£
Salaries and wages	201,597

Excluding Suhail Patel, the charity trustees were not paid or received any other benefits from employment with the charity, neither were they reimbursed expenses during the year.

No charity trustees received payment for professional or other services supplied to the charity.

The key management personnel of the charity, comprise the trustees and the Chief Executive Officer of Al Misbaah Academy (AMA).

Staff Numbers

The average monthly full-time equivalent was staff and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2018
	Number
Administrative, Teaching & Support staff	7

Staff Members Remunerated over £60,000.

No employees had employee benefits more than £60,000. Pension costs are allocated to activities in proportion to the related staffing costs incurred.

7. Analysis of other costs

Other costs relate to the direct cost of materials such as book and general running expense of the madrassa classes, Totalling £22,938.

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8. Analysis of support costs and governance costs

	<u>Support Costs</u>	<u>Governance Costs</u>
Administrative Costs	2,103	
Advertising and Marketing Costs	4,284	
Governance Costs - independent Examination		1,500
Other Office Costs	202	
PPS	1,366	
Rent	6,878	
Software	268	
Staff Training	72	
Travel	16	
Administrative Costs	2,103	
	<u>15,189</u>	<u>1,500</u>

The Independent examination is the value of the donated services provided by SK Accountants.

9. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

10. Debtors

	2018
	£
Other Debtors	<u>15,000</u>
	<u>15,000</u>

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11. Creditors: amounts falling due within one year

	2018
	£
Trade Creditors	12,608
	12,608

12. Analysis of charitable funds

	Opening Balance	Income	Transfers	Expenditure	2018 Closing Balance
Unrestricted income funds: - General Fund Reserves	-	251,456	-	(241,224)	10,232
	-	251,456	-	(241,224)	10,232

Unrestricted income funds are available to be used at will of the trustees, the most probable use of the funds will be to cover overheads, project costs and used as general reserves.

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13. Detailed Statement of Financial Activities for the Year Ended 31st August 2018

	2018
	£
Income	
Donations	2,951
Charitable Activities: Madrassa Fees	248,505
Total Incoming Resources	<u>251,456</u>
Expenditure	
Salaries and Wages	201,597
Materials	22,938
Administrative Costs	2,103
Advertising and Marketing Costs	4,284
Governance Costs	1,500
Other Office Costs	202
PPS	1,366
Rent & Venue Hire	6,878
Software	268
Staff Training	72
Travel	16
Total Resources Expended	<u>(241,224)</u>
Net Income	<u>10,232</u>

This page does not form part of the statutory financial statements.

End of Report