

AZHAR ACADEMY

England & Wales · Charity number 1080849

Details

Status Registered

Legal form Other

Registered 2000-05-23

Register [View on the Charity Commission register](#)

Contact

Address Azhar Academy
235a Romford Road
London
E7 9HL

Phone 02085345959

Email contact@azharacademy.org

Website www.azharacademy.org

Activities

Objects: THE ADVANCEMENT OF RELIGION AND EDUCATION IN ACCORDANCE WITH THE TENETS AND DOCTRINES OF SUNNI ISLAM WHICH IS IN ACCORDANCE WITH THE JURISTIC INTERPRETATION OF THE GRAND MUFTI OF DARUL ULOOM AL-ARABIYYA AL-ISLAMIYYAH, HOLCOMBE HALL, HOLCOMBE, NEAR BURY, LANCASHIRE, BL8 4NG

Activities: THE ADVANCEMENT OF EDUCATION AND THE RELIGION OF ISLAM.

Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** Education/training, Religious Activities
- **Who:** Children/young People, Elderly/old People

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£3,011,741	£2,845,170	£3,272,899	122
2023-08-31	£2,290,656	£2,273,199	£3,106,329	111
2022-08-31	£1,955,346	£1,913,977	£3,088,872	114
2021-08-31	£2,206,320	£1,690,612	£3,047,503	97
2020-08-31	£1,756,129	£1,601,224	£2,531,795	104

Trustees

Name	Role	Appointed
FAIZAL BOBAT		
ISMAIL AMLA		
ISMAIL GANGAT		

Accounts

Charity registration number 1080849 (England and Wales)

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr I Gangat MBE
Mr F Bobat
Mr I Amla

Charity number (England and Wales)

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

CONTENTS

	Page
Trustees report	1 - 2
Statement of trustees responsibilities	3
Independent auditor's report	4 - 6
Statement of financial activities	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 19

AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2024

The trustees present their annual report and financial statements for the year ended 31 August 2024.

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "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)".

Objectives and activities

Azhar Academy is a charitable organisation founded in 1996, focused on providing Islamic and educational services and other charitable 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 school has specifically designed a school curriculum which provides a sound and comprehensive education for our students and aims to instill in them good moral conduct, sound comprehension of their faith and an unwavering commitment to succeed.

We continue to provide a stimulating and holistic approach to learning, we are able to offer each student the opportunity to learn and achieve their true potential. We teach a wide range of subjects, both National Curriculum-based and Islamic, aimed to fully equip our students with the best knowledge, skills and understanding to participate positively in today's challenging and diverse society. We expect our students to leave the school equipped with the correct tools for the next stage of their education with a confident, responsible and tolerant outlook on life.

Our schools are well established and have been consistently rated Outstanding by Ofsted. The Trustees believe the schools provides education of the highest standard and nurture students to become responsible individuals and citizens. The schools have very good working relationships with outreach programmes that benefit the students and wider communities.

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.

Public benefit

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

To receive, administer and distribute funds to preserve and teach the principles of Islam, perpetuate the social, moral and religious standards of Indonesian Muslims in the United Kingdom.

Achievements and performance

Significant activities and achievements against objectives

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

Leadership within the school continues to work towards putting in systems and structures to allow us to provide a seamless education and learning experience for our students. The school continues to provide an outstanding provision for staff and students.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

Financial review

At the balance sheet date, the charity had net assets of £3,272,899 (2023: £3,106,328). 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.

Reserves policy

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 consider 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 normal 3 months spend is circa £629k and currently the trust has circa £393k cash at bank and in addition is expected to receive circa £750k in that period which is sufficient to cover this. The main liabilities are gifted loans which are only called upon if the Charity has the ability to repay. The actual unrestricted reserve at the end of the year is £3,272,899 (2023 - £3,106,328). 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 of the community is generous in a faith-based organisation.

Risks

The trustees have 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.

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 MBE

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.

Mr I Gangat MBE

Trustee

27 June 2025

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2024

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 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2024 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 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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 requires 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.

AZHAR ACADEMY

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Charity and the industry in which it operates, drawing on our sector experience and considered the risk of acts by the Charity that could be contrary to these laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Charity Commission, The Independent Schools Standards and the equivalent local laws and regulations.

We made enquiries of trustees and school management, with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the trustee meetings, legal reports provided to the Charity and correspondence between the Charity and its solicitors. Audit procedure performed by the engagement team included:

- Discussion with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- Review of financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by trustees and school management in their significant accounting estimates;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AZHAR ACADEMY

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

Other matters

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.

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 auditor's 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.

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

27 June 2025

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 section 1212 of the Companies Act 2006.

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2024

Current financial year

	Notes	Unrestricted funds 2024 £
Income from:		
Donations and legacies	3	597,284
Charitable activities	4	2,414,457
Total income		3,011,741
Expenditure on:		
Charitable activities	6	2,845,170
Net income for the year/ Net movement in funds		166,571
Fund balances at 1 September 2023		3,106,328
Fund balances at 31 August 2024		3,272,899

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

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 2023 £	Total 2023 £
Income from:			
Donations and legacies	3	341,804	341,804
Charitable activities	4	1,948,852	1,948,852
Total income		2,290,656	2,290,656
Expenditure on:			
Charitable activities	6	2,273,200	2,273,200
Net income for the year/ Net movement in funds		17,456	17,456
Fund balances at 1 September 2022		3,088,872	3,088,872
Fund balances at 31 August 2023		3,106,328	3,106,328

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

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 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		5,747,537		5,330,540
Current assets					
Debtors	15	21,185		33,109	
Cash at bank and in hand		393,486		482,999	
		414,671		516,108	
Creditors: amounts falling due within one year	17	(54,376)		(58,503)	
Net current assets			360,295		457,605
Total assets less current liabilities			6,107,832		5,788,145
Creditors: amounts falling due after more than one year	18		(2,771,300)		(2,540,300)
Deferred income	19		(63,633)		(141,517)
Net assets			3,272,899		3,106,328
The funds of the charity					
Unrestricted funds	21		3,272,899		3,106,328
			3,272,899		3,106,328

The financial statements were approved by the trustees on 27 June 2025

Mr I Gangat MBE
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		549,180		(2,476)
Investing activities					
Purchase of tangible fixed assets		(638,693)		(225,005)	
Net cash used in investing activities			(638,693)		(225,005)
Financing activities					
Proceeds from borrowings		-		200,000	
Net cash (used in)/generated from financing activities			-		200,000
Net decrease in cash and cash equivalents			(89,513)		(27,481)
Cash and cash equivalents at beginning of year			482,999		510,480
Cash and cash equivalents at end of year			393,486		482,999

The notes on pages 10 to 19 form part of these financial statements.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "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)". 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 or grantors 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 due.

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 2024

1 Accounting policies

(Continued)

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 are allocated on the portion of the asset's use.

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	2% straight line
Freehold improvements	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 the statement of financial activities.

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.

1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

1 Accounting policies

(Continued)

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.

Other financial liabilities

Private Loans: "Qard Hasnah" is an interest free loans from the Charity's beneficiaries, which only have a moral obligation to repay as per agreement Qard Hasnah is recognised when received / paid and recorded under liabilities due after more than one year.

Derecognition of financial liabilities

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

1.9 Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

1.10 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.

1.11 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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

3 Income from donations and legacies

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Donations and gifts	597,284	341,804

4 Income from charitable activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Education		
School fees	2,256,038	1,796,999
Other income related to school activities	158,419	151,853
	2,414,457	1,948,852

5 School activities

Education
Running of primary and secondary school

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

6 Charitable activities

	School Expenditure	School Expenditure
	2024 £	2023 £
Staff costs	1,937,790	1,699,777
Depreciation and impairment	221,697	180,732
Educational resources	189,141	142,259
Telephone	3,537	3,272
Light and heat	129,378	115,418
Sundries	28,510	11,617
Insurance	29,050	30,761
Legal and professional	12,393	3,322
Repairs and maintenance	31,323	32,341
Staff training	17,129	11,202
Rates and water	137,340	33,899
	<u>2,737,288</u>	<u>2,264,600</u>
Grant funding of activities (see note 7)	98,114	-
Share of governance costs (see note 8)	9,768	8,600
	<u>2,845,170</u>	<u>2,273,200</u>

7 Grants payable

	Education 2024 £
Grants to institutions:	
Other	98,114
	<u>98,114</u>

-

8 Support costs allocated to activities

	2024 £	2023 £
Governance costs	9,768	8,600
	<u>9,768</u>	<u>8,600</u>
Analysed between:		
Education	9,768	8,600
	<u>9,768</u>	<u>8,600</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

9 Net movement in funds

2024	2023
£	£

The net movement in funds is stated after charging/(crediting):

Fees payable for the audit of the charity's financial statements	3,160	5,000
Depreciation of owned tangible fixed assets	221,697	180,732

10 Auditor's remuneration

2024	2023
£	£

For audit services

Audit of the financial statements of the charity	3,160	5,000
--	-------	-------

11 Trustees

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

12 Employees

The average monthly number of employees during the year was:

2024	2023
Number	Number

Teachers	85	77
Assistants	30	27
Administration	7	7

Total	122	111
-------	-----	-----

Employment costs

2024	2023
£	£

Wages and salaries	1,827,541	1,601,726
Social security costs	97,261	85,175
Other pension costs	12,988	12,876

	1,937,790	1,699,777
--	-----------	-----------

The number of employees whose annual remuneration was more than £60,000 is as follows:

2024	2023
Number	Number

Between £60,001 to £70,000	1	-
----------------------------	---	---

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

12 Employees

(Continued)

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2024 £	2023 £
Aggregate compensation	65,000	58,968

13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

14 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2023	6,985,565	143,747	7,129,312
Additions	616,544	22,149	638,693
At 31 August 2024	7,602,109	165,896	7,768,005
Depreciation and impairment			
At 1 September 2023	1,699,283	99,488	1,798,771
Depreciation charged in the year	208,415	13,282	221,697
At 31 August 2024	1,907,698	112,770	2,020,468
Carrying amount			
At 31 August 2024	5,694,411	53,126	5,747,537
At 31 August 2023	5,286,282	44,258	5,330,540

15 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	21,185	33,109

16 Loans and overdrafts

	2024 £	2023 £
Other loans	1,500,000	1,500,000
Payable after one year	1,500,000	1,500,000

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

16 Loans and overdrafts

(Continued)

The long-term loans are secured by fixed charges over one of the school premises which was acquired during the year. There are no set repayment plan, this loan was under Islamic terms based on trust and no interest being charged. During the year the balances remained due of £1million and £500k.

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Other creditors	44,608	44,608
Accruals	9,768	13,895
	<u>54,376</u>	<u>58,503</u>

18 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Borrowings	1,500,000	1,500,000
Qard Hasnah	1,271,300	1,040,300
	<u>2,771,300</u>	<u>2,540,300</u>

19 Deferred income

	2024 £	2023 £
Arising from Fees paid in advance	<u>63,633</u>	<u>141,517</u>

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Shown as deferred income on the face of the balance sheet	<u>63,633</u>	<u>141,517</u>
Movements in the year:		
Deferred income at 1 September 2023	141,517	118,146
Resources deferred in the year	<u>(77,884)</u>	<u>23,371</u>
Deferred income at 31 August 2024	<u>63,633</u>	<u>141,517</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

20 Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	12,988	12,876

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

21 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2023 £	Incoming resources £	Resources expended £	At 31 August 2024 £
General funds	3,106,328	3,011,741	(2,845,170)	3,272,899
Previous year:	At 1 September 2022 £	Incoming resources £	Resources expended £	At 31 August 2023 £
General funds	3,088,872	2,290,656	(2,273,200)	3,106,328

22 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).

23 Cash generated from/(absorbed by) operations

	2024 £	2023 £
Surplus for the year	166,570	17,456
Adjustments for:		
Depreciation and impairment of tangible fixed assets	221,697	180,732
Movements in working capital:		
Decrease in debtors	11,924	18,560
Increase/(decrease) in creditors	226,873	(242,595)
(Decrease)/increase in deferred income	(77,884)	23,371
Cash generated from/(absorbed by) operations	549,180	(2,476)

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

24 Analysis of changes in net (debt)/funds

	At 1 September 2023 £	Cash flows £	At 31 August 2024 £
Cash at bank and in hand	482,999	(89,513)	393,486
Loans falling due after more than one year	(1,500,000)	-	(1,500,000)
	<u>(1,017,001)</u>	<u>(89,513)</u>	<u>(1,106,514)</u>

Accounts

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr I Gangat MBE
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

CONTENTS

	Page
Trustees report	1 - 2
Statement of trustees responsibilities	3
Independent auditor's report	4 - 6
Statement of financial activities	7 - 8
Balance sheet	9
Statement of cash flows	10
Notes to the financial statements	11 - 19

AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report and financial statements for the year ended 31 August 2023.

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)" (effective 1 January 2019).

Objectives and activities

Azhar Academy is a charitable organisation founded in 1996 under the instruction and guidance of Shaykh al-Hadith Hazrat Maulana Yusuf Motala (Rahmatullah Alayh). The purpose of our charity is to provide Islamic and educational services and other charitable 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 school has specifically designed a school curriculum which provides a sound and comprehensive education for our students and aims to instil in them good moral conduct, sound comprehension of their faith and an unwavering commitment to succeed.

We continue to provide a stimulating and holistic approach to learning, we are able to offer each student the opportunity to learn and achieve their true potential. We teach a wide range of subjects, both National Curriculum-based and Islamic, aimed to fully equip our students with the best knowledge, skills and understanding to participate positively in today's challenging and diverse society. We expect our students to leave the school equipped with the correct tools for the next stage of their education with a confident, responsible and tolerant outlook on life.

Our 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 schools have very good working relationships with outreach programmes that benefit the students and wider communities.

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.

Public benefit

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

To receive, administer and distribute funds to preserve and teach the principles of Islam, perpetuate the social, moral and religious standards of Indonesian Muslims in the United Kingdom.

Achievements and performance

Significant activities and achievements against objectives

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

Leadership within the school continues to work towards putting in systems and structures to allow us to provide a seamless education and learning experience for our students. The school continues to provide an outstanding provision for staff and students.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Financial review

At the balance sheet date, the charity had net assets of £3,106,329 (2022: £3,088,872) . 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.

Reserves policy

Reserves policy

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 consider 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 normal 3 months spend is circa £480k and currently the trust has circa £483k cash at bank, which is sufficient to cover this. The main liabilities are gifted loans which are only called upon if the Charity has the ability to repay. The actual unrestricted reserve at the end of the year is £3,106,329 (2022 - £3,088,872) , 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.

Major risks

Risks

The trustees have 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.

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.

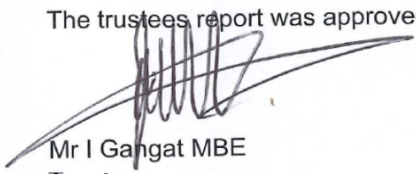
The trustees who served during the year and up to the date of signature of the financial statements were:

Mr I Gangat MBE

Mr F Bobat

Mr I Amla

The trustees report was approved by the Board of Trustees.



Mr I Gangat MBE
Trustee

28 June 2024

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

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 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2023 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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

AZHAR ACADEMY

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Charity and the industry in which it operates, drawing on our sector experience and considered the risk of acts by the Charity that could be contrary to these laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Charity Commission, The Independent Schools Standards and the equivalent local laws and regulations.

We made enquiries of trustees and school management, with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the trustee meetings, legal reports provided to the Charity and correspondence between the Charity and its solicitors. Audit procedure performed by the engagement team included:

- Discussion with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- Review of financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by trustees and school management in their significant accounting estimates;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AZHAR ACADEMY

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

Other matters

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.

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 auditor's 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.



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

28 June 2024

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 section 1212 of the Companies Act 2006.

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

Current financial year

	Notes	Unrestricted funds 2023 £
Income from:		
Donations and legacies	3	341,804
Charitable activities	4	1,948,852
Total income		<u>2,290,656</u>
Expenditure on:		
Charitable activities	5	<u>2,273,199</u>
Net income for the year/ Net movement in funds		17,457
Fund balances at 1 September 2022		<u>3,088,872</u>
Fund balances at 31 August 2023		<u><u>3,106,329</u></u>

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

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 2022 £	Total 2022 £
Income from:			
Donations and legacies	3	355,602	355,602
Charitable activities	4	1,599,744	1,599,744
Total income		<u>1,955,346</u>	<u>1,955,346</u>
Expenditure on:			
Charitable activities	5	<u>1,913,977</u>	<u>1,913,977</u>
Net income for the year/ Net movement in funds		41,369	41,369
Fund balances at 1 September 2021		<u>3,047,503</u>	<u>3,047,503</u>
Fund balances at 31 August 2022		<u><u>3,088,872</u></u>	<u><u>3,088,872</u></u>

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

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

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 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	12		5,330,540		5,286,267
Current assets					
Debtors	13	33,110		51,669	
Cash at bank and in hand		482,999		510,480	
		516,109		562,149	
Creditors: amounts falling due within one year	15	(58,503)		(50,098)	
Net current assets			457,606		512,051
Total assets less current liabilities			5,788,146		5,798,318
Creditors: amounts falling due after more than one year	16		(2,540,300)		(2,591,300)
Deferred income	17		(141,517)		(118,146)
Net assets excluding pension liability			3,106,329		3,088,872
Net assets			3,106,329		3,088,872
The funds of the charity					
Unrestricted funds			3,106,329		3,088,872
			3,106,329		3,088,872

The financial statements were approved by the trustees on 28 June 2024



Mr I Gangat MBE
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(2,476)		1,678,440
Investing activities					
Purchase of tangible fixed assets		(225,005)		(2,860,174)	
Net cash used in investing activities			(225,005)		(2,860,174)
Financing activities					
Proceeds from borrowings		200,000		1,300,000	
Net cash generated from financing activities			200,000		1,300,000
Net (decrease)/increase in cash and cash equivalents			(27,481)		118,266
Cash and cash equivalents at beginning of year			510,480		392,214
Cash and cash equivalents at end of year			482,999		510,480

The notes on pages 11 to 19 form part of these financial statements.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). 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 or grantors 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 2023

1 Accounting policies

(Continued)

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 are allocated on the portion of the asset's use.

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	2% straight line
Freehold improvements	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 the statement of financial activities.

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.

1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

Other financial liabilities

Private Loans: "Qard Hasnah" is an interest free loans from the Charity's beneficiaries, which only have a moral obligation to repay as per agreement Qard Haanah is recognised when received / paid and recorded under liabilities due after more than one year.

Derecognition of financial liabilities

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

1.9 Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

1.10 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.

1.11 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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

3 Income from donations and legacies

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Donations and gifts	341,804	355,602

4 Income from charitable activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Education		
School fees	1,796,999	1,538,924
Other income	151,853	60,820
	<u>1,948,852</u>	<u>1,599,744</u>

5

Charitable activities

	Charitable Expenditure 2023 £	Charitable Expenditure 2022 £
Staff costs	1,699,777	1,446,626
Educational resources	142,258	112,646
Telephone	3,272	3,057
Light and heat	115,418	70,449
Sundries	11,617	66,790
Insurance	30,761	32,006
Legal and professional	3,322	1,506
Repairs and maintenance	32,341	26,983
Staff training	11,202	-
Rates and water	33,899	37,395
Depreciation on property	169,667	101,853
Depreciation on Fixtures and fittings	11,065	6,066
	<u>2,264,599</u>	<u>1,905,377</u>
Share of governance costs (see note 6)	8,600	8,600
	<u>2,273,199</u>	<u>1,913,977</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

6 Support costs allocated to activities

	2023 £	2022 £
Governance costs	8,600	8,600
Analysed between:		
Charitable Activities	8,600	8,600

7 Net movement in funds

	2023 £	2022 £
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	5,000	5,000
Depreciation of owned tangible fixed assets	180,732	107,919

8 Auditor's remuneration

Fees payable to the charity's auditor and associates:	2023 £	2022 £
For audit services		
Audit of the financial statements of the charity	5,000	5,000

9 Trustees

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

10 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Teachers	77	79
Assistants	27	28
Administration	7	7
Total	111	114

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

10 Employees (Continued)

Employment costs	2023 £	2022 £
Wages and salaries	1,601,726	1,356,597
Social security costs	85,175	77,982
Other pension costs	12,876	12,047
	<u>1,699,777</u>	<u>1,446,626</u>

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

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2022	6,791,621	112,686	6,904,307
Additions	193,944	31,061	225,005
	<u>6,985,565</u>	<u>143,747</u>	<u>7,129,312</u>
At 31 August 2023			
Depreciation and impairment			
At 1 September 2022	1,529,616	88,424	1,618,040
Depreciation charged in the year	169,667	11,065	180,732
	<u>1,699,283</u>	<u>99,489</u>	<u>1,798,772</u>
At 31 August 2023			
Carrying amount			
At 31 August 2023	<u>5,286,282</u>	<u>44,258</u>	<u>5,330,540</u>
At 31 August 2022	<u>5,262,005</u>	<u>24,262</u>	<u>5,286,267</u>

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	<u>33,110</u>	<u>51,669</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

14 Loans and overdrafts

	2023 £	2022 £
Other loans	1,500,000	1,300,000
Payable after one year	1,500,000	1,300,000

The long-term loans are secured by fixed charges over one of the school premises which was acquired during the year. There are no set repayment plan, this loan was under Islamic terms based on trust and no interest being charged. During the year a new loan of £1 million was taken under the same terms, of this £800k was utilised to repay the initial loan, leaving a balance of £0.5 million.

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Other taxation and social security	-	194
Other creditors	44,608	44,609
Accruals and deferred income	13,895	5,295
	58,503	50,098

16 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Borrowings	1,500,000	1,300,000
Qard Hasanah	1,040,300	1,291,300
	2,540,300	2,591,300

17 Deferred income

	2023 £	2022 £
Arising from Fees paid in advance	141,517	118,146

Deferred income is included in the financial statements as follows:

	2023 £	2022 £
Deferred income is included within:		
Shown as deferred income on the face of the balance sheet	141,517	118,146

Movements in the year:

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

17 Deferred income (Continued)

Deferred income at 1 September 2022	118,146	-
Resources deferred in the year	23,371	118,146
	<u>141,517</u>	<u>118,146</u>
Deferred income at 31 August 2023	<u>141,517</u>	<u>118,146</u>

18 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>12,876</u>	<u>12,047</u>

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

19 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2022 £	Incoming resources £	Resources expended £	At 31 August 2023 £
General funds	<u>3,088,872</u>	<u>2,290,656</u>	<u>(2,273,199)</u>	<u>3,106,329</u>
Previous year:				
	At 1 September 2021 £	Incoming resources £	Resources expended £	At 31 August 2022 £
General funds	<u>3,047,503</u>	<u>1,955,346</u>	<u>(1,913,977)</u>	<u>3,088,872</u>

20 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

21	Cash generated from operations	2023 £	2022 £	
	Surplus for the year	17,458	41,368	
	Adjustments for:			
	Depreciation and impairment of tangible fixed assets	180,731	107,919	
	Movements in working capital:			
	Decrease in debtors	18,559	1,348,331	
	(Decrease)/increase in creditors	(242,595)	62,676	
	Increase in deferred income	23,371	118,146	
	Cash (absorbed by)/generated from operations	(2,476)	1,678,440	
22	Analysis of changes in net (debt)/funds			
		At 1 September 2022 £	Cash flows £	At 31 August 2023 £
	Cash at bank and in hand	510,480	(27,481)	482,999
	Loans falling due after more than one year	(1,300,000)	(200,000)	(1,500,000)
		(789,520)	(227,481)	(1,017,001)

Accounts

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr I Gangat MBE
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

CONTENTS

	Page
Trustees report	1 - 3
Statement of trustees responsibilities	4
Independent auditor's report	5 - 7
Statement of financial activities	8
Balance sheet	9
Statement of cash flows	10
Notes to the financial statements	11 - 18

AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report and financial statements for the year ended 31 August 2022.

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)" (effective 1 January 2019).

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 school has specifically designed a school curriculum which provides a sound and comprehensive education for our students and aims to instil in them good moral conduct, sound comprehension of their faith and an unwavering commitment to succeed.

We continue to provide a stimulating and holistic approach to learning, we are able to offer each student the opportunity to learn and achieve their true potential. We teach a wide range of subjects, both National Curriculum-based and Islamic, aimed to fully equip our students with the best knowledge, skills and understanding to participate positively in today's challenging and diverse society. We expect our students to leave the school equipped with the correct tools for the next stage of their education with a confident, responsible and tolerant outlook on life.

Our 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 schools have very good working relationships with outreach programmes that benefit the students and wider communities.

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 education to students.

Overall, the trustees believe that they have met their objectives for the year. During the year the school returned to normal classroom run classes, post Covid, The school with expansion aimed to increase it's reach of its service levels.

Leadership within the school continues to work towards putting in systems and structures to allow us to provide a seamless education and learning experience for our students.

During the year the school achieved Outstanding in their Ofsted inspection that took place in March 2022.

Financial review

At the balance sheet date, the charity had net assets of £3,088,872 (2021: £3,047,503) . 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.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Going Concern

The Trustees have reviewed the forecast of cashflows and student numbers, and considered budgets at least for the 12 months after the date of approval of these financial statements. As part of their review, the Trustees along with the Headmistress, have considered the impact of the Covid 19 pandemic and this is continually being reviewed on an ongoing basis. Consideration has been given to the fact that our schools rely on the payment of fees from families who could potentially be faced with a real impact on their financial situation over the coming months. The school will be implementing cost saving measures. Additionally to facilitate in easing the financial burden on parents, the school has had to take a more flexible approach to fee collection. In the event that future cashflow projections show potential shortfalls, the charity will seek to obtain additional fundraising through initiatives with its Trustees and other patrons.

Reserves policy

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 consider 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 normal 3 months spend is circa £480k and currently the trust has circa £510k cash at bank, which is sufficient to cover this. The main liabilities are gifted loans which are only called upon if the Charity has the ability to repay. The actual unrestricted reserve at the end of the year is £3,088,872 (2021 - £3,047,503) , 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.

Risks

The trustees have 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.

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.

Plans for future periods

The Charity during the year purchased a property for the expansion of the girl's secondary school. During the year and subsequent period refurbishment work was carried out on the new premises. The girls secondary school moved into the new premises in March 2023. These premises are larger and will allow the expansion of the school to 3 form entry in all the year groups.

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 MBE

Mr F Bobat

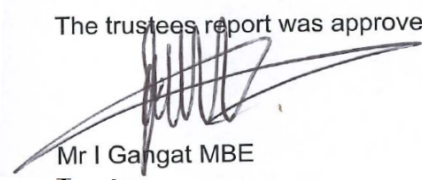
Mr I Amla

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees report was approved by the Board of Trustees.

A handwritten signature in dark ink, appearing to read 'I Gangat', is written over a light blue rectangular stamp. The signature is fluid and cursive.

Mr I Gangat MBE
Trustee

29 June 2023

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2022 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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

AZHAR ACADEMY

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Charity and the industry in which it operates, drawing on our sector experience and considered the risk of acts by the Charity that could be contrary to these laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Charity Commission, The Independent Schools Standards and the equivalent local laws and regulations.

We made enquiries of trustees and school management, with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the trustee meetings, legal reports provided to the Charity and correspondence between the Charity and its solicitors. Audit procedure performed by the engagement team included:

- Discussion with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- Review of financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by trustees and school management in their significant accounting estimates;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AZHAR ACADEMY

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

Other matters

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.

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 auditor's 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.



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

29 June 2023

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 section 1212 of the Companies Act 2006.

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

Current financial year

	Notes	Unrestricted funds 2022 £
Income from:		
Donations and legacies	3	355,602
Charitable activities	4	1,599,744
Total income		1,955,346
Expenditure on:		
Charitable activities	5	1,913,977
Net income for the year/ Net movement in funds		41,369
Fund balances at 1 September 2021		3,047,503
Fund balances at 31 August 2022		3,088,872

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 2021 £	Total 2021 £
Income from:			
Donations and legacies	3	584,340	584,340
Charitable activities	4	1,621,980	1,621,980
Total income		2,206,320	2,206,320
Expenditure on:			
Charitable activities	5	1,690,612	1,690,612
Net income for the year/ Net movement in funds		515,708	515,708
Fund balances at 1 September 2020		2,531,795	2,531,795
Fund balances at 31 August 2021		3,047,503	3,047,503

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

All income and expenditure derive from continuing activities.

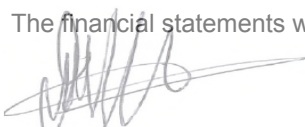
AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		5,286,267		2,534,011
Current assets					
Debtors	12	51,669		1,400,000	
Cash at bank and in hand		510,480		392,214	
		<u>562,149</u>		<u>1,792,214</u>	
Creditors: amounts falling due within one year	14	<u>(50,098)</u>		<u>(54,422)</u>	
Net current assets			512,051		1,737,792
Total assets less current liabilities			5,798,318		4,271,803
Creditors: amounts falling due after more than one year	15		(2,591,300)		(1,224,300)
Deferred income	16		<u>(118,146)</u>		<u>-</u>
Net assets			<u>3,088,872</u>		<u>3,047,503</u>
Income funds					
Unrestricted funds			3,088,872		3,047,503
			<u>3,088,872</u>		<u>3,047,503</u>

The financial statements were approved by the Trustees on 29 June 2023



Mr I Gangat MBE
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	19		1,678,440		(70,031)
Investing activities					
Purchase of tangible fixed assets		(2,860,174)		(116,914)	
Net cash used in investing activities			(2,860,174)		(116,914)
Financing activities					
Repayment of borrowings		1,300,000		-	
Net cash generated from/(used in) financing activities			1,300,000		-
Net increase/(decrease) in cash and cash equivalents			118,266		(186,945)
Cash and cash equivalents at beginning of year			392,214		579,159
Cash and cash equivalents at end of year			510,480		392,214

The notes on pages 11 to 18 form part of these financial statements.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). 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 2022

1 Accounting policies

(Continued)

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 are allocated on the portion of the asset's use.

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 the statement of financial activities.

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.

1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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.

Other financial liabilities

Private Loans: "Qard Hasnah" is an interest free loans from the Charity's beneficiaries, which only have a moral obligation to repay as per agreement Qard Haanah is recognised when received / paid and recorded under liabilities due after more than one year.

Derecognition of financial liabilities

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

1.9 Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

1.10 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.

1.11 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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Donations and legacies

Unrestricted funds	Unrestricted funds
2022	2021
£	£

Donations and gifts	355,602	584,340
---------------------	---------	---------

4 Charitable activities

Education	Education
2022	2021
£	£

School fees	1,538,924	1,498,110
Other income	60,820	123,870
	1,599,744	1,621,980

5

Charitable activities

Charitable Expenditure	Charitable Expenditure
2022	2021
£	£

Staff costs	1,446,626	1,315,970
Educational resources	112,646	102,948
Telephone	3,057	3,410
Light and heat	70,449	49,947
Sundries	66,790	52,736
Insurance	32,006	5,929
Legal and professional	1,506	676
Repairs and maintenance	26,983	21,696
Rates and water	37,395	30,657
Depreciation on property	101,853	94,395
Depreciation on Fixtures and fittings	6,066	3,568
	1,905,377	1,681,932
Share of governance costs (see note 6)	8,600	8,680
	1,913,977	1,690,612

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

6 Support costs

	Support costs £	Governance costs £	2022 £	2021 £
Audit fees	-	5,000	5,000	4,000
Accountancy	-	3,600	3,600	4,680
	-	8,600	8,600	8,680
Analysed between Charitable activities	-	8,600	8,600	8,680

7 Auditor's remuneration

Fees payable to the charity's auditor and associates:	2022 £	2021 £
Audit of the charity's annual accounts	5,000	4,000

8 Trustees

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

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Teachers	79	66
Assistants	28	23
Administration	7	8
Total	114	97

Employment costs

	2022 £	2021 £
Wages and salaries	1,356,597	1,230,207
Social security costs	77,982	73,125
Other pension costs	12,047	12,638
	1,446,626	1,315,970

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

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

10 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.

11 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2021	3,947,504	96,629	4,044,133
Additions	2,844,117	16,057	2,860,174
At 31 August 2022	6,791,621	112,686	6,904,307
Depreciation and impairment			
At 1 September 2021	1,427,763	82,358	1,510,121
Depreciation charged in the year	101,853	6,066	107,919
At 31 August 2022	1,529,616	88,424	1,618,040
Carrying amount			
At 31 August 2022	5,262,005	24,262	5,286,267
At 31 August 2021	2,519,740	14,271	2,534,011

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	51,669	-
Other debtors	-	1,400,000
	51,669	1,400,000

13 Loans and overdrafts

	2022 £	2021 £
Other loans	1,300,000	-
Payable after one year	1,300,000	-

The long-term loans are secured by fixed charges over one of the school premises which was acquired during the year. There are no set repayment plan, this loan was under Islamic terms based on trust and no interest being charged. As at the date of approval of the financial statements, circa £800k of the loan was repaid.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	194	-
Other creditors	44,609	50,127
Accruals and deferred income	5,295	4,295
	<u>50,098</u>	<u>54,422</u>

15 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Borrowings	1,300,000	-
Qard Hasanah	1,291,300	1,224,300
	<u>2,591,300</u>	<u>1,224,300</u>

16 Deferred income

	2022 £	2021 £
Arising from Fees paid in advance	<u>118,146</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Shown as deferred income on the face of the balance sheet	<u>118,146</u>	<u>-</u>
Movements in the year:		
Deferred income at 1 September 2021	-	-
Resources deferred in the year	<u>118,146</u>	<u>-</u>
Deferred income at 31 August 2022	<u>118,146</u>	<u>-</u>

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17	Capital commitments	2022	2021	
		£	£	
	At 31 August 2022 the charity had capital commitments as follows:			
	Contracted for but not provided in the financial statements:			
	Acquisition of property, plant and equipment	-	2,700,000	
	Included in debtors in the prior year was an amount of £1.4 million which represented funds held with the Charity's solicitors for the acquisition of new premises for the school. In addition to funds from the charity raised through donations and informal loans (Qarza Hasana), the Company also secured funds from private company willing to provide a loan under similar arrangements. During the year the funds were utilised together with a loan of £1.3 million. Upon completion there was a fixed charge registered in respect of this loan against one of the Charity's school premises.			
18	Related party transactions			
	There were no disclosable related party transactions during the year (2021 - none).			
19	Cash generated from operations	2022	2021	
		£	£	
	Surplus for the year	41,368	515,707	
	Adjustments for:			
	Depreciation and impairment of tangible fixed assets	107,919	97,963	
	Movements in working capital:			
	Decrease/(increase) in debtors	1,348,331	(1,400,000)	
	Increase in creditors	62,676	716,299	
	Increase in deferred income	118,146	-	
	Cash generated from/(absorbed by) operations	1,678,440	(70,031)	
20	Analysis of changes in net debt			
		At 1 September 2021	Cash flows	At 31 August 2022
		£	£	£
	Cash at bank and in hand	392,214	118,266	510,480
	Loans falling due after more than one year	-	(1,300,000)	(1,300,000)
		392,214	(1,181,734)	(789,520)

Accounts

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

AZHAR ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr I Gangat MBE 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

CONTENTS

	Page
Trustees report	1 - 3
Statement of trustees responsibilities	4
Independent auditor's report	5 - 7
Statement of financial activities	8
Balance sheet	9
Statement of cash flows	10
Notes to the financial statements	11 - 17

AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report and financial statements for the year ended 31 August 2021.

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)" (effective 1 January 2019).

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 school has specifically designed a school curriculum which provides a sound and comprehensive education for our students and aims to instil in them good moral conduct, sound comprehension of their faith and an unwavering commitment to succeed.

We continue to provide a stimulating and holistic approach to learning, we are able to offer each student the opportunity to learn and achieve their true potential. We teach a wide range of subjects, both National Curriculum-based and Islamic, aimed to fully equip our students with the best knowledge, skills and understanding to participate positively in today's challenging and diverse society. We expect our students to leave the school equipped with the correct tools for the next stage of their education with a confident, responsible and tolerant outlook on life.

Our 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 schools have very good working relationships with outreach programmes that benefit the students and wider communities.

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 education to students.

Overall, the trustees believe that they have met their objectives for the year, particularly given a new set of circumstances that schools nationally faced due to Covid. As we returned to face to face learning the students were able to adjust to the classroom setting. The school ensured continued uninterrupted learning. Additional support was given to students and families for mental well-being amongst others matters to cope with the return. The school continued to offer remote learning to students who were unable to return due to Covid.

Leadership within the school continues to work towards putting in systems and structures to allow us to provide a seamless education and learning experience for our students.

Financial review

At the balance sheet date, the charity had net assets of £3,047,503 (2020: £2,531,795) . 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.

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Going Concern

The Trustees have reviewed the forecast of cashflows and student numbers, and considered budgets at least for the 12 months after the date of approval of these financial statements. As part of their review, the Trustees along with the Headmistress, have considered the impact of the Covid 19 pandemic and this is continually being reviewed on an ongoing basis. Consideration has been given to the fact that our schools rely on the payment of fees from families who could potentially be faced with a real impact on their financial situation over the coming months. The school will be implementing cost saving measures. Additionally to facilitate in easing the financial burden on parents, the school has had to take a more flexible approach to fee collection. In the event that future cashflow projections show potential shortfalls, the charity will seek to obtain additional fundraising through initiatives with its Trustees and other patrons.

Reserves policy

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 consider 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 normal 3 months spend is circa £300k and currently the trust has circa £392k which is sufficient to cover this. The main liabilities are gifted loans which are only called upon if the Charity has the ability to repay. The actual unrestricted reserve at the end of the year is £3,047,503 (2020 - £2,531,795) , 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.

Risks

The trustees have 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.

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.

Plans for future periods

The Charity has been looking into purchasing a property for the expansion of the girl's secondary school. After the year end completion was made on a new property which was acquired to facilitate this. It is hoped that the school can move into the new premises by the start of the academic year in September 2022. The premises are larger and will allow the expansion of the school to 3 form entry in all the year groups.

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 MBE

Mr F Bobat

Mr I Amla

AZHAR ACADEMY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Supplier payment policy

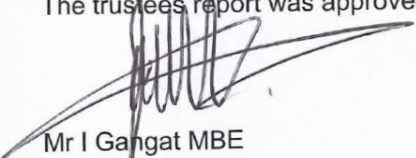
The Charity's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Charity's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the Charity at the year end were nil, as they are processed and paid at the same time and therefore there is nil average creditor days.

The trustees report was approved by the Board of Trustees.



Mr I Gangat MBE
Trustee

27 June 2022

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

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 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2021 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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Charity and the industry in which it operates, drawing on our sector experience and considered the risk of acts by the Charity that could be contrary to these laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Charity Commission, The Independent Schools Standards and the equivalent local laws and regulations.

We made enquiries of trustees and school management, with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the trustee meetings, legal reports provided to the Charity and correspondence between the Charity and its solicitors. Audit procedure performed by the engagement team included:

Discussion with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
Review of financial statement disclosures to underlying supporting documentation;
Challenging assumptions and judgements made by trustees and school management in their significant accounting estimates;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

AZHAR ACADEMY

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

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.

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.



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

27 June 2022

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 section 1212 of the Companies Act 2006.

AZHAR ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

Current financial year

	Notes	Unrestricted funds 2021 £
<u>Income from:</u>		
Donations and legacies	3	584,340
Charitable activities	4	1,621,980
Total income		2,206,320
<u>Expenditure on:</u>		
Charitable activities	5	1,690,612
Net income for the year/ Net movement in funds		515,708
Fund balances at 1 September 2020		2,531,795
Fund balances at 31 August 2021		3,047,503

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 2020 £	Total 2020 £
<u>Income from:</u>			
Donations and legacies	3	189,593	189,593
Charitable activities	4	1,566,536	1,566,536
Total income		1,756,129	1,756,129
<u>Expenditure on:</u>			
Charitable activities	5	1,601,224	1,601,224
Net income for the year/ Net movement in funds		154,905	154,905
Fund balances at 1 September 2019		2,376,890	2,376,890
Fund balances at 31 August 2020		2,531,795	2,531,795

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

All income and expenditure derive from continuing activities.

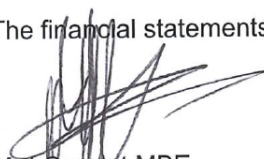
AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	2,534,011		2,515,059	
Current assets					
Debtors	11	1,400,000		-	
Cash at bank and in hand		392,214		579,159	
		<u>1,792,214</u>		<u>579,159</u>	
Creditors: amounts falling due within one year	12	<u>(54,422)</u>		<u>(70,123)</u>	
Net current assets		1,737,792		509,036	
Total assets less current liabilities		<u>4,271,803</u>		<u>3,024,095</u>	
Creditors: amounts falling due after more than one year	13	(1,224,300)		(492,300)	
Net assets		<u><u>3,047,503</u></u>		<u><u>2,531,795</u></u>	
Income funds					
Unrestricted funds		3,047,503		2,531,795	
		<u><u>3,047,503</u></u>		<u><u>2,531,795</u></u>	

The financial statements were approved by the Trustees on 27 June 2022


Mr I Gangat MBE
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	16		(70,031)		225,640
Investing activities					
Purchase of tangible fixed assets		(116,914)		(46,111)	
Net cash used in investing activities			(116,914)		(46,111)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(186,945)		179,529
Cash and cash equivalents at beginning of year			579,159		399,630
Cash and cash equivalents at end of year			392,214		579,159

The notes on pages 11 to 17 form part of these financial statements.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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 are allocated on the portion of the asset's use.

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 the statement of financial activities.

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.

1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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.

Other financial liabilities

Private Loans: "Qard Hasnah" is an interest free loans from the Charity's beneficiaries, which only have a moral obligation to repay as per agreement Qard Haanah is recognised when received / paid and recorded under liabilities due after more than one year.

Derecognition of financial liabilities

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

1.9 Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

1.10 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.

1.11 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.

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

3 Donations and legacies

Unrestricted funds	Unrestricted funds
2021	2020
£	£
Donations and gifts	
584,340	189,593

4 Charitable activities

Education	Education
2021	2020
£	£
School fees	
1,498,110	1,356,294
Other income	
123,870	210,242
1,621,980	1,566,536

5

Charitable activities

Charitable Expenditure	Charitable Expenditure
2021	2020
£	£
Staff costs	
1,315,970	1,225,212
Educational resources	
102,948	138,957
Telephone	
3,410	4,679
Light and heat	
49,947	38,303
Sundries	
52,736	21,797
Insurance	
5,929	28,489
Legal and professional	
676	1,342
Repairs and maintenance	
21,696	15,004
Rates and water	
30,657	25,363
Depreciation on property	
94,395	91,388
Depreciation on Fixtures and fittings	
3,568	3,090
1,681,932	1,593,624
Share of governance costs (see note 6)	
8,680	7,600
1,690,612	1,601,224

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

6 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Audit fees	-	4,000	4,000	-	4,000	4,000
Accountancy	-	4,680	4,680	-	3,600	3,600
	-	8,680	8,680	-	7,600	7,600
Analysed between Charitable activities	-	8,680	8,680	-	7,600	7,600

7 Auditor's remuneration

Fees payable to the charity's auditor and associates:

	2021 £	2020 £
Audit of the charity's annual accounts	4,000	4,000

8 Trustees

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

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Teachers	66	42
Assistants	23	54
Administration	8	8
Total	97	104

Employment costs

	2021 £	2020 £
Wages and salaries	1,230,207	1,149,726
Social security costs	73,125	65,668
Other pension costs	12,638	9,818
	1,315,970	1,225,212

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Employees

(Continued)

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

10 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2020	3,836,069	91,150	3,927,219
Additions	111,435	5,479	116,914
At 31 August 2021	3,947,504	96,629	4,044,133
Depreciation and impairment			
At 1 September 2020	1,333,369	78,790	1,412,159
Depreciation charged in the year	94,395	3,568	97,963
At 31 August 2021	1,427,764	82,358	1,510,122
Carrying amount			
At 31 August 2021	2,519,740	14,271	2,534,011
At 31 August 2020	2,502,700	12,359	2,515,059

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	1,400,000	-

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	-	17,412
Other creditors	50,127	48,416
Accruals and deferred income	4,295	4,295
	54,422	70,123

13 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Qard Hasanah	1,224,300	492,300

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

14 Capital commitments	2021	2020
	£	£
At 31 August 2021 the charity had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	2,300,000	-
	<u> </u>	<u> </u>
Included in debtors is an amount of £1.4 million which represented funds held with the Charity's solicitors for the acquisition of new premises for the school. In addition to funds from the charity raised through donations and informal loans (Qarza Hasana), the Company also secured funds from private company willing to provide a loan under similar arrangements. At the year end the funds held with the Charity's solicitors was £1.3 million. Upon completion there would be a fixed charge in respect of this loan against one of the Charity's school premises.		
15 Related party transactions		
There were no disclosable related party transactions during the year (2020 - none).		
16 Cash generated from operations	2021	2020
	£	£
Surplus for the year	515,707	154,905
Adjustments for:		
Depreciation and impairment of tangible fixed assets	97,963	94,478
Movements in working capital:		
(Increase) in debtors	(1,400,000)	-
Increase/(decrease) in creditors	716,299	(23,743)
	<u> </u>	<u> </u>
Cash (absorbed by)/generated from operations	<u>(70,031)</u>	<u>225,640</u>
17 Analysis of changes in net funds		
The charity had no debt during the year.		

Accounts

AZHAR ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

CONTENTS

	Page
Trustees report	1 - 2
Statement of trustees responsibilities	3
Independent auditor's report	
Statement of financial activities	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 15

AZHAR ACADEMY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their report and financial statements for the year ended 31 August 2020.

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) (effective 1 January 2019)".

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 education to girls.

Overall, the trustees believe that they have met their objectives for the year, particularly given a new set of circumstances that schools nationally have faced, where we were all required to switch to remote learning following government instructions to close schools in March 2020. In light of the pandemic and the effect it has had on the country at large. Leadership within the school worked towards putting in systems and structures to allow us to provide a seamless education and learning experience for our students.

Financial review

At the balance sheet date, the charity had net assets of £2,531,795 (2019: £2,376,890) . 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 2020

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.

Going Concern

The Trustees have reviewed the forecast of cashflows and student numbers, and considered budgets at least for the 12 months after the date of approval of these financial statements. As part of their review, the Trustees along with the Headmistress, have considered the impact of the Covid 19 pandemic and this is continually being reviewed on an ongoing basis. Consideration has been given to the fact that our schools rely on the payment of fees from families who could potentially be faced with a real impact on their financial situation over the coming months. The school will be implementing cost saving measures. Additionally to facilitate in easing the financial burden on parents, the school has had to take a more flexible approach to fee collection. In the event that future cashflow projections show potential shortfalls, the charity will seek to obtain additional fundraising through initiatives with its Trustees and other patrons.

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: 22 June 2021

AZHAR ACADEMY

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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 2020 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2020 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

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

**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 2020

Current financial year

	Notes	Unrestricted funds 2020 £
<u>Income from:</u>		
Donations and legacies	3	189,593
Charitable activities	4	1,566,536
Total income		1,756,129
<u>Expenditure on:</u>		
Charitable activities	5	1,601,224
Net income/(expenditure) for the year/ Net movement in funds		154,905
Fund balances at 1 September 2019		2,376,890
Fund balances at 31 August 2020		2,531,795

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

AZHAR ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	8	2,515,059		2,563,426	
Current assets					
Cash at bank and in hand		579,159		399,630	
Creditors: amounts falling due within one year	9	(70,123)		(99,866)	
Net current assets		509,036		299,764	
Total assets less current liabilities		3,024,095		2,863,190	
Creditors: amounts falling due after more than one year	10	(492,300)		(486,300)	
Net assets		2,531,795		2,376,890	
Income funds					
Unrestricted funds		2,531,795		2,376,890	
		2,531,795		2,376,890	

The financial statements were approved by the Trustees on 22 June 2021

Mr I Gangat
Trustee

AZHAR ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	12		225,640		24,181
Investing activities					
Purchase of tangible fixed assets		(46,111)		(40,973)	
Net cash used in investing activities			(46,111)		(40,973)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			179,529		(16,792)
Cash and cash equivalents at beginning of year			399,630		416,422
Cash and cash equivalents at end of year			579,159		399,630

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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) (effective 1 January 2019)". 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 2020

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 2020

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	Unrestricted funds
	2020	2019
	£	£
Donations and gifts	189,593	170,729

4 Charitable activities

	Charitable Income 2020	Charitable Income 2019
	£	£
Sales within charitable activities	1,356,294	1,302,194
Other income	210,242	82,000
	1,566,536	1,384,194

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5

Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2020 £	2019 £
Staff costs	1,225,212	1,116,362
Educational resources	138,957	150,277
Telephone	4,679	6,697
Light and heat	38,303	36,316
Sundries	21,797	33,458
Insurance	28,489	21,698
Legal and professional	8,942	30,208
Repairs and maintenance	15,004	34,768
Rates and water	25,363	27,027
Donations	-	20,000
Depreciation on property	91,388	100,429
Depreciation on Fixtures and fittings	3,090	2,373
	<u>1,601,224</u>	<u>1,579,613</u>
	<u>1,601,224</u>	<u>1,579,613</u>

6 Trustees

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

7 Employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Teachers	42	46
Assistants	54	26
Administration	8	8
Total	<u>104</u>	<u>80</u>

Employment costs

	2020 £	2019 £
Wages and salaries	1,149,726	1,044,173
Social security costs	65,668	66,165
Other pension costs	9,818	6,024

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Employees

(Continued)

	1,225,212	1,116,362

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 2019	3,795,917	85,191	3,881,108
Additions	40,152	5,959	46,111
At 31 August 2020	3,836,069	91,150	3,927,219
Depreciation and impairment			
At 1 September 2019	1,241,981	75,701	1,317,682
Depreciation charged in the year	91,388	3,090	94,478
At 31 August 2020	1,333,369	78,791	1,412,160
Carrying amount			
At 31 August 2020	2,502,700	12,359	2,515,059
At 31 August 2019	2,553,936	9,490	2,563,426

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	17,412	17,812
Other creditors	48,416	77,759
Accruals and deferred income	4,295	4,295
	70,123	99,866

10 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	492,300	486,300

11 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

AZHAR ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

12	Cash generated from operations	2020 £	2019 £
	Surplus/(deficit) for the year	154,905	(24,690)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	94,478	102,802
	Movements in working capital:		
	(Decrease) in creditors	(23,743)	(53,931)
	Cash generated from operations	<u>225,640</u>	<u>24,181</u>
13	Analysis of changes in net funds		
	The charity had no debt during the year.		