

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
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Bolton
BL6 4YU

AZHAR ACADEMY

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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)