

**Al-Ihsaan Academy
783 - 785 High Road,
Seven Kings, IG3 8RW**

Registered Charity Number: 1164642

**Trustees report and financial statements
For the Period ended 31 May 2022**

Contents	Page(s)
Reference and Administrative Details of the Charity, its Trustees and Advisers	3
Trustees' Annual Report	4 - 7
Statement of Trustees' Responsibilities	8
Independent Examiner's Report	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	13 - 16

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Al-Ihsaan Academy
Charity Number	1164642
Registered office	783-785 High Road Seven Kings IG3 8RW
Trustees	Muhammad Yasin Karatela Farhan Vali Emran Ahmed
Bankers	Al Rayan Bank plc 97-99 Whitechapel Road London E1 1DT
Independent Examiners	Siddiqui and Co Chartered Certified Accountants 414 Barking Road, London E13 8HJ

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MAY 2022

The trustees present their report with the financial statements of the charity for the period ended 31 May 2022.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

The charity is a Charitable Incorporated Organisation, governed by a Constitution, and is registered with the Charity Commission under charity number 1164642.

Organisational Structure

The trustees are responsible for the general control and management of the charity. The trustees give their time freely and receive no remuneration or other financial benefits to fulfil this role. The charity trustees meet on a quarterly basis and are responsible for all decisions taken in relation to the overall control and strategic management of the charity. The operational management of the charity is delegated to sub committees. These sub committees meet on a weekly basis.

Recruitment, Appointment and Training of Trustees

The existing trustees are responsible for the appointment of new trustees. New trustees are brought into the organisation, when required, on the basis of eligibility, competence, specialist knowledge and skills. It is the policy of Al-Ihsaan Academy that each trustee during induction is given a copy of the constitution, the latest accounts, recent meeting minutes and guidance regarding the policies and procedures adopted by the charity.

Risk Management

Risks are assessed, identified, managed and constantly reviewed. A set of policies and procedures are developed to manage risks, which form the internal controls framework. The policies are set by the trustees and the implementations are delegated to the management team. The relevant policies and procedures are communicated to all staff and training is given where applicable. Periodic policy reviews are undertaken in order to ensure the internal controls framework remains relevant. The organisation has both employer liability and public liability insurance policies in place. All employees are put through appropriate Disclosure and Barring Service checks.

Objectives

The objectives of Al-Ihsaan Academy primarily focus on fulfilling the spiritual and religious needs of the Muslim community together with serving the community at large.

The objectives of Al-Ihsaan Academy are summarised below:

- To educate Muslims from all walks of life, especially young Muslims, in all aspects of their spiritual and religious development.
- To support the wider community by promoting good morals & conduct and addressing areas of social concern, such as anti-social behaviour, criminality, substance abuse and family breakdown.
- To facilitate a greater awareness and understanding of Islam.
- To address misinterpretation, misunderstanding and misrepresentation of the Islamic faith.
- To assist present and future generations of Muslims to preserve and perfect Islam in their lives.
- To assist in the provision of any charitable services within the limits of the law and particularly within the bounds of Islam.

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MAY 2022

Public Benefit

The trustees of Al Ihsaan Academy regularly review the services provided to ensure that there is relevant, targeted, local and public benefit. In carrying out this review the trustees ensure compliance to the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Academy offers a range of activities in pursuit of its objectives stated above for the public benefit. The activities detailed below provide benefit to those who attend the Academy's premises in person as well as the wider public locally and nationally. The Academy was able to expand on these activities with the purchase of the new premises, the former Ilford Preparatory School, which was acquired in September 2017.

Religious Services

The Academy is engaged in positive endeavours in trying to introduce the pristine message of Islam and to educate Muslims and non-Muslims alike on various aspects of the religion. The Academy's current activities and services include:

- **Daily Prayers:** The Academy facilitates the 5 daily prayers for the public throughout the year.
- **Evening Madrasah (Islamic Educational classes)** - The Madrasah consists of approximately 330 children (both boys and girls) aged 5-13 who are taught a variety of subjects ranging from Qur'an, Aqeedah, Seerah, Fiqh, Akhlaaq (Good Character) etc.
- **Further Education (F.E.) Classes for youth aged 13 and over** - This course was specifically initiated to target those youth who may have left the evening Madrasah and find themselves to have a lot more free time. The aim of this course is to further their Islamic studies and focus on their tarbiyyah (moral and spiritual nurturing) enabling them to become better Muslims and in turn, become better citizens.
- **Hifdh (Qur'an memorisation) Class** - Al-Ihsaan Academy has a Hifdh class operating mornings and evenings. This class is designed to cater for each individual student according to his capabilities and potential, with an emphasis on the importance of Tajwīd (Qur'ānic Phonetics / Intonation) and rules of recitation. The syllabus has been prepared in a manner that will enable a student to memorise the entire Qur'ān (approximately over 6,000 verses) and retain it. Alongside the Hifdh, a lot of emphasis and training is given on spiritual and moral development, to ensure these children who will graduate as Huffadh (those who have memorised the entire Quran) will have the qualities and characteristics expected from a Hafidh.

The above classes cater for all types of children and have proven to be instrumental in safeguarding and enhancing the religious and moral well-being of those who attend.

Prize giving and completion ceremonies for the above are held every year. These events are open to the public and allow them to remain informed of the Academy's educational activities. The Annual Prize Giving Jalsahs for the Academic year 2020/21 for boys and girls were conducted in July 2021 whilst the Mid-year Prize Giving Jalsahs for the Academic year 2021/22 were held in February 2022.

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MAY 2022

- **Educational Trips** - Al-Ihsaan Academy occasionally holds educational and recreational trips to various places. Fun days are also organised to local parks, and other days are spent on in-house fun educational activities.
- **Holiday Youth Club** - Al-Ihsaan Academy holds a holiday youth club where many youth attend and are able to use the playground and other recreational facilities in a safe, fun and welcoming environment.

Adult Learning Classes - The Academy offers a range of classes for adults in college/university, full time employment or even retired individuals who wish to further their Islamic knowledge. These classes take place during term time only corresponding with the academic calendar. Approximately 80 students currently benefit from such classes with the following choice of enrolment:

- **Tajweed classes** - The Tajweed classes take place every Wednesday evening 8.00pm to 9:00pm. This class enables the students to learn the correct pronunciation of the Arabic letters with all its qualities and enables students to adorn their recitation of the Glorious Qur'an with all the necessary rules. Three different classes take place catering for students on different levels. Exams take place twice a year to enable students to refresh and revise what they have learnt and to also help monitor their progress.
- **Basic Islamic Education Classes** - The Basic Islamic Education classes are taught to adults in a welcoming classroom setting. These classes take place every Thursday evening 8pm to 9:30pm. The topics studied are the following:
 - **Aqeedah**: Studying the foundational beliefs of Islam.
 - **Fiqh**: Studying the rules pertaining to cleanliness and purity (Wudhu, Ghusl etc). Rules pertaining to worship, Salah, Fasting, Zakah & Hajj. Rules pertaining to Qurbani, Aqiqah etc.
 - **Sirah**: Taking the students on a journey through the blessed life of the greatest Prophet of Islam Muhammad (*may peace and blessings be upon him*).
 - **Hadith**: Studying the teachings & traditions of Prophet Muhammad (*may peace and blessings be upon him*).

This course is perfect for those individuals who are new to Islam, those who have not had the opportunity to study when young or even for those who want to refresh their core knowledge of Islam.

- **Advanced Islamic Education Classes** - A more advanced level of Islamic education is imparted to students on Thursdays from 8pm to 9:30pm. The topics studied in this course are the following:
 - **Tafseer**: Studying selected Chapters of the Glorious Qur'an with detailed commentary, giving an insight to various important content of the Glorious Qur'an.
 - **Hadith**: A number of chapters related to various aspects of a person's life are taught from Ma'arif-ul-Hadith with detailed commentary.
 - **Fiqh**: The classical book of Hanafi Fiqh, Nūr-ul-Idāh is used as a primary text to give an insight to basic every day rulings related to a person's cleanliness, Salaah, Fasting, Zakah, Hajj etc.
 - **Aqeedah**: The fundamental beliefs of Islam are explained.
 - **Sirah**: The biography of the blessed life of Prophet Muhammad (*may peace and blessings be upon him*) is studied in detail.

This is the 6th year Al-Ihsaan Academy have been rendering such classes. The 4th cohort of students finished their two year course at the end of December 2021.

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MAY 2022

- **Hifdh Refresher Classes**

The Hifdh Refresher classes are facilitated for those individuals who have previously memorised the Qur'an and wish to revise and refresh it. Class timings are flexible in order to work around the availabilities of the students.

There were twenty members of staff engaged in delivering the educational activities described above.

- **Seasonal Programmes** - Occasionally, the Academy holds programmes for the community's benefit. These programmes provide an educational and inspirational boost and address many misconceptions regarding Islam. It also serves as a counselling session and promotes good morals & character.
- **Hajj Programme** - The sacred pilgrimage, is the fifth pillar of Islam. It is a journey that Muslims are required to undertake once in a lifetime subject to meeting certain necessary conditions. Many prospective pilgrims are rightly concerned and mindful to ensure they prepare and educate themselves properly before embarking on such an auspicious journey. To meet these concerns, Al-Ihsaan Academy runs an annual Hajj programme which provides comprehensive guidance to intending pilgrims. The programme discusses the essential rituals of Hajj and is followed by a question and answer session. Beneficial literature is also distributed at the end of the session.
- **Religious and social advice** - The Academy provides support and guidance to the community through the medium of email, phone and direct meetings.
- **Al-Ihsaan Academy's Website** - The prime objective of the website is to help people stay connected with the activities of Al-Ihsaan Academy, as well as up-to-date news on the latest events and services. The website is also utilised to keep the public up to date on the latest appeals & projects, and the outstanding qardh on the building.
- **Publication department** - Informative and inspirational literature is published from time to time in order to further the Academy's objectives. These take the form of leaflets which cover a wide range of topics and contemporary issues impacting the lives of Muslims. Other beneficial educative cards are also published to spread the beautiful teachings of Islam.

Fundraising

The Charity has been fundraising to recoup the £2.1m borrowed from the community in order to purchase Al-Ihsaan Academy's premises. This has resulted in the staff along with many volunteers being involved in fundraising efforts.

Listed below are some of the methods adopted to raise funds:

1. Distribution of fundraising leaflets outside Masaajid.
2. Raising awareness and providing regular updates via text messages, social media and word of mouth.
3. Online fundraising platforms have been set up such as Paypal.
4. Making appointments in various Masaajid nationally in order to raise funds from their communities.
5. Collection boxes are given to homes of the well-wishers of the Academy.
6. Collection boxes are given to local shops, facilitating for the passing public to also be able to donate.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the laws applicable to charities in England and Wales. The financial statements for each financial year must give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources. 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 2016 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate 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, taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approval

Approved by the trustees on the 31st of March 2023 and signed on their behalf by:

Signature:



Full Name: Mr Farhan Sajid Vali

Position: Trustee

Date: 31st March 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF AL-IHSAAN ACADEMY

I report to the charity trustees on my examination of the accounts of Al-Ihsaan Academy (the Trust) for the period ended 31st May 2022.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of The Association of Chartered Certified Accountants which is one of the listed bodies.

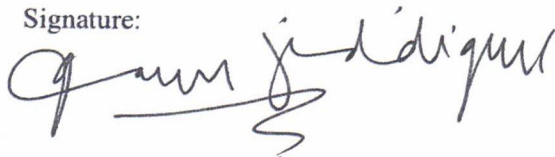
I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Q S Siddiqui FCCA
SIDDIQUI & CO
Chartered Certified Accountants
414 Barking Road
London, E13 8HJ

Signature:



Date: 31st March 2023

STATEMENTS OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 May 2022

	Note	Unrestricted Funds 2021-22 £	Restricted Funds 2021-22 £	Total Funds 2021-22 £	Total Funds 2020-21 £
Income					
Donations		2,405	234,728	237,133	311,099
Fees Income		132,809	-	132,809	124,569
Rental Income		17,225	-	17,225	18,496
Book Sales & Literature		6,941	-	6,941	4,728
Other income		31,229	-	31,229	10,053
Total income		190,609	234,728	425,337	468,945
Expenditure on:					
Salaries, Pensions & Teaching Services		119,951	-	119,951	106,895
Depreciation		-	35,846	35,846	40,770
Books, Literature & Publications		3,664	-	3,664	3,170
Accountancy fee		600	-	600	600
Maintenance		5,239	-	5,239	5,906
Utilities		4,724	-	4,724	4,648
Other expenses		8,371	-	8,371	2,010
Total expenditure		142,549	35,846	178,395	163,998
Net income /(expenditure)		48,060	198,882	246,942	304,947
Net movement in funds for the year		48,060	198,882	246,942	304,947
Total funds b/f at 1 st of April 2020/1 st June 2021		121,052	978,760	1,099,812	794,865
Total funds at 31 May 2021/31 May 2022	8	169,112	1,177,642	1,346,754	1,099,812

The notes on pages 12 to 15 form part of these financial statements.

BALANCE SHEET AS AT 31 MAY 2022

	Note	2021-22 £	2020-21 £
Fixed assets			
Tangible fixed assets	4	1,619,314	1,650,503
Investment property	5	398,483	398,483
Total fixed assets		2,017,797	2,048,986
Current assets			
Debtors	6	2,704	1,350
Cash at bank and in hand		144,878	159,761
		147,582	161,111
Creditors: amounts falling due within one year	7	(818,625)	(1,110,285)
Net current assets		(671,043)	(949,174)
Net assets		1,346,754	1,099,812
Charity funds			
Restricted funds	8	1,177,642	978,760
Unrestricted funds	8	169,112	121,052
Total funds		1,346,754	1,099,812

The financial statements have been approved by the Board of Trustees on the 31st of March 2023 and were signed on its behalf by:



.....
Farhan Vali | Trustee

The notes on pages 12 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

1. Accounting policies

a) General Information

Al-Ihsaan Academy is a registered charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are set out on page 2.

b) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act, and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include investment property at fair value.

The financial statements are prepared in Pound Sterling (£) which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

c) Fund accounting

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. In case of Al-Ihsaan, the restricted funds represent donations in relation to purchase of the building net of depreciation charged on the building. The restricted asset represented by the restricted funds is the freehold building.

d) Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements in arriving at this conclusion.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

e) Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimate/ judgement exercised in preparation of these financial statements is relating to useful life of the building acquired during the year.

f) Income

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

Donations are recognised when the charity receives them.

Fees Income is recognised on due basis (accrual basis).

g) Expenditure

Liabilities are recognized where it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty. All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where cost cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

h) Taxation

The charity is exempt from tax on its charitable activities.

i) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives as indicated below:

Freehold building – 2% per annum straight line

Equipment – 20% per annum straight line

Land is not being depreciated.

The assets residual values, useful lives and depreciation methods are reviewed annually.

j) Investment property

Investment property is shown at fair value. Any aggregate surplus or deficit arising from changes in the fair value is transferred to the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

k) Debtors

Prepayments are valued at the amount prepaid. Accrued income is measured at the amount due to be received.

l) Creditors and provisions

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

2. Trustees Remuneration

	2021-22 £	2020-21 £
The amount of remuneration or other benefits paid to a Trustee of the charity were as follows:		
Farhan Vali	15,053	10,882
	<u>15,053</u>	<u>10,882</u>

3. Staff costs

	2021-22	2020-21
The average monthly number of employees during the year was as follows:		
	<u>20</u>	<u>18</u>

No employees received emoluments in excess of £60,000.

4. Tangible fixed assets

	Freehold Land £	Freehold Buildings £	Equipment £	Total £
Cost				
At 1 June 2021	661,014	1,046,474	70,082	1,777,570
Additions during the period	<u>-</u>	<u>-</u>	<u>4,657</u>	<u>4,657</u>
At 31 May 2022	<u>661,014</u>	<u>1,046,474</u>	<u>74,739</u>	<u>1,782,227</u>
Depreciation				
At 1 June 2021	-	87,206	39,861	127,067
Additions during the period	<u>-</u>	<u>20,930</u>	<u>14,916</u>	<u>35,846</u>
At 31 May 2021	<u>-</u>	<u>108,136</u>	<u>54,777</u>	<u>162,913</u>
Net Book Value				
At 31 May 2022	<u>661,014</u>	<u>938,338</u>	<u>19,962</u>	<u>1,619,314</u>
At 31 May 2021	661,014	959,268	30,220	1,650,503

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

5. Investment property

During the year 2017-18, a freehold property was purchased by the charity for an amount of £398,483. The trustees consider the price paid to acquire the property to represent fair value of the property at year end.

6. Debtors

	2021-22 £	2020-21 £
Prepayments and other receivables	1,354	-
Security deposit	<u>1,350</u>	<u>1,350</u>
Total	<u>2,704</u>	<u>1,350</u>

7. Creditors: Amounts falling due within one year

	2021-22 £	2020-21 £
Advance fees received	4,180	4,770
Accruals	863	634
Security deposit payable	1,350	1,350
Qardh Hasan (loans repayable on demand)*	<u>812,232</u>	<u>1,103,531</u>
	<u>818,625</u>	<u>1,110,285</u>

*The charity has obtained interest free loans (Qardh Hasan) from local community which is repayable on demand.

8. Statement of funds

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
Restricted funds*	978,760	234,728	(35,846)	1,177,642
Unrestricted funds	<u>121,052</u>	<u>190,609</u>	<u>(142,549)</u>	<u>169,112</u>
Total of funds	<u>1,099,812</u>	<u>425,337</u>	<u>(178,395)</u>	<u>1,346,754</u>

*The restricted funds represent donations received to purchase the building net of depreciation. Some of the restricted funds received during the year 21/22 have been used to pay off interest free loans (Qardh Hasan).