REGISTERED COMPANY NUMBER: 03544402
REGISTERED CHARITY NUMBER: 1073862

MANCHESTER ISLAMIC EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018



Riley Moss Audit LLP
Chartered Accountants
First Floor
184 Cheetham Hill Road
Manchester
M8 8LQ

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD (A company limited by guarantee)

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 8
Report of the Independent Auditors	9 to 10
Consolidated statement of Financial Activities	11
Consolidated and charity statement of Financial Position	12
Consolidated and charity statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15 to 23
Detailed Statement of Financial Activities	24 to 25

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD (A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2018

Trustees	Dr A Al Majid	
	Dr H Al Majid	
	Dr A M Al Saif	
	Mr M S Al-Astewani	
	Dr H S A Al-Khaffaf	
	Mr I A B Al-Salam	
	Mr Z Hafeez	(appointed 15.3.19)
	Mr F K Javid	
	Mr A O Kawooya	
	Mr N Mahmood	
	Mr S B Salam	
	Mr A U Sheikh	
	Mr F Zaheer	
Registered office	Hartley Hall Alexandra Road South Manchester M16 8NH	
Registered company number	03544402	
Registered charity number	1073862	
Auditors	Riley Moss Audit LLP Chartered Accountants First Floor 184 Cheetham Hill Road Manchester M8 8LQ	
Head teachers	Mrs Mona Mohamed Mrs Doris Ghafoori Mr Akhmed Hussain	

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their report which includes the strategic report and the audited consolidated financial statements of the charity and its subsidiary for the year ended 31 August 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Charities Act 2011, Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). The trustees, who are also directors for the purposes of company law and who served during the year and up to the date of this report, are set out on page 1.

Structure, governance and management

Manchester Islamic Educational Trust (MIET) Ltd was incorporated on 9 April 1998 as a company limited by guarantee, under company number 3544402 and has been granted charitable status under Charities Act 1960, in February 1999 under registration number 1073862. MIET runs KD Grammar School for Boys, Manchester Islamic High School for Girls, Manchester Muslim Preparatory School, MIET also has a subsidiary by the name of Hartley Boarding Halls Ltd. This is being operated as an accommodation for university and college students. 100% of the shares are owned by MIET. Hartley Boarding Halls Ltd, located in part of MIET's Hartley Hall property site. All the buildings housing these schools, and the student accommodation are owned by MIET. The Trust, which is a limited company, is governed by the policies made from time to time by the trustees together with the terms of its Memorandum and Articles of Association which set out the objects and powers of the company. The trustees are also Directors of the Charity for the purposes of the Companies Act 2006. The power of appointing new trustees is vested in the trustees. The procedure to appoint or withdraw a trustee is adopted in accordance with the Trust Deed. The Board may appoint a trustee during the year to fill a casual vacancy to serve a minimum probationary period of six months, or longer as the case may be. Subject to a satisfactory outcome of the probationary period, a permanent trusteeship may be offered. The Board may also, by a unanimous agreement as specified in its Memorandum and Articles of Association, appoint an employee as a Trustee provided no financial gain may accrue to this Trustee, also employed by the Trust that also accrues to other employees of the Trust. The Trustees are also encouraged to attend relevant external briefings and training courses. They meet regularly to manage the affairs of the schools and to discuss other affairs. The Board comprises members from a variety of backgrounds and there are sub-committees dealing with various aspects of the operation. All major decisions are ratified by the Board of Trustees. In addition, the trustees are also responsible for setting out the strategy of the Trust and monitoring its progress towards the stated aims and objectives. No additional trustee was appointed and no trustee resigned during this year.

Staff & management are required to progress the aims and objectives of the schools under the Trust's control. Furthermore, students and staff are continuously encouraged to contribute to the local community and wider community by the establishment and development of links at various levels. The day to day management of each school is delegated to the respective Head teachers supported by their Senior Management/Leadership Teams. In addition, there are sub-committees covering staffing, curriculum, finance and buildings which meet more regularly and are attended by the Head teachers. This team in turn delegates the responsibility to the teaching and non teaching staff to ensure smooth implementation.

The Trust is managed by the Board of Trustees. This Board, annually, appoints a Chairperson, Vice Chair Person, and Treasurer. The Board also appoints various coordinators, links and personnel responsible for policies which are of great importance to the schools, i.e. Safeguarding of children; Health & Safety, Finance, ethos and vision of the schools and the Trust, etc. In addition to performing visits to the schools and having meeting with the leaders of the schools every six weeks, the trust has also been employing a Trust Administrative Manager to provide a more intrusive oversight over schools operation and performance reporting to the Chairperson and the Vice Chair as well as the treasurer. Each school has a dedicated professional leadership team, most of them have either been already been trained in a Senior Leadership role or are being encouraged to undertake this training from the appropriate and accredited training colleges/institutions. The cost of this training is borne by the Trust. The school leadership is also encouraged to develop middle leadership skills within each school.

Investment policy
The Board of Trustees is authorised under the Memorandum and Articles of Association to make and hold investments using the general funds of the above Charity in any way the trustees wish. However, no such investments are presently held or have been made. Part of one of the Trust's properties, Hartley Hall, is rented to Hartley Hall of Residence, has not been valued separately as an additional investment. Its valuation has been provided and included in the asset value given for Trust properties in the accounts being submitted with this report. No separate valuation for the part of the property rented to Hartley Hall of Residence has been done as the trustees feel it would not serve any purpose as the property in its entirety has been valued. This would only incur unnecessary expense. For the purpose of obtaining a fair rent, an outside rental valuation agency was employed to determine this. Rent based on this valuation is being received from Hartley Hall of Residence.

Risk management
The trustees actively review the major risks which the charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. The trustees have also examined other operational and business risks faced by the charity and confirm that they have established systems to mitigate the significant risks. In addition to the risk assessments carried for the purpose of insurance, the school also carry out numerous other risk assessments as required by the various regulations governing schools.

Objectives and activities
The objective of the Trust is the advancement in the United Kingdom of education in general, in conjunction with, and complimented by Islamic education. Secondly, it is the objective of the Trust to provide and maintain schools within the United Kingdom for providing facilities to enable young persons in the doctrines and practices of the Islamic faith and in the Arabic language. In this respect the Trust follows the latest regulations, In that it promotes actively the Prevent Strategy of the government and the promotion of democracy and British values. The Trust, may in the future, try and establish additional Islamic schools to meet demand, but this is subject to availability of adequate funds.

Intended impact and strategies
Within these Objects, MIET aims to provide services which will be beneficial to the community it has been set up to serve. The aim of the Charity is to benefit the public in the widest possible manner with a view to educate children in a faith based ethos and environment. MIET is firmly of the belief that such an ethos and environment best serves the public interest and is beneficial to the children who are recipients of the service provided. Education steeped in a faith ethos will prove a firm foundation on which higher education can build a much better citizen who can benefit the nation much more. It is for these reasons that MIET first established faith based schools: Islamic High School for Girls was established in 1992, followed shortly thereafter by Manchester Muslim Preparatory School. KD Grammar School for Boys was established in 1999.

The Schools implement the aims and objectives of the Trust, and further the interest of public benefit by endeavouring to provide an outstanding independent education, through strong academic tuition, awareness of spiritual values and developing artistic, spiritual moral, cultural and social skills in all students. This is intended to provide an environment where each pupil can begin to realise his or her own potential, thus helping to build self-confidence and self-esteem in preparation for a contented and fulfilling life contributing to the welfare of the wider community. This is achieved by offering education appropriate to the needs of boys and girls aged from 3 to 16. Progression is given as much emphasis as attainment. The schools have consistently shown to achieve a much higher value added component to its educational mix and regime than the national average. Quality of pupils wishing to enrol in our schools is varied, and as diagnostic tools are becoming more sophisticated, it is becoming increasingly evident that some children require specialist SEND support. The schools are equipping themselves to be able to provide this in as many cases as possible. It is been agreed by the Trust to send an existing SEND leader on a specialist course to Manchester Metropolitan University. This person then can, in turn, teaching other staff on application of diagnosing and proper application of teaching methodology for these pupils.

The Trustees aim to create a supportive and caring environment where each pupil is recognised and is educated as an individual. MIET seeks to produce academically and spiritually well-educated young men and women, with highly developed interpersonal skills with a broad range of interests. Hence, pupils can compete at any level with the brightest and the best. The Trust has over the years continued to extend additional financial help and assistance, in various forms, to the less fortunate who have found it difficult to pay the full fees, as well as discounts to siblings. This has amounted to almost £150,000 over the year. By offering discount on fees and helped by donations received from other sources, MIET has been able to help those who require financial assistance. The trustees continue to explore the area of higher education where some of the students after completing their GCSEs can also avail the opportunity of doing their A level at our schools. It is hoped that with the improvement of economic climate and outlook in the country additional funds will become available to implement this plan. Capital cost and operational viability permitting, the Trustees continue to hope that this plan will go ahead in the near future.

It is also worth mentioning here that no discount on fees, or any other incentive, financial or otherwise, is offered or given to any trustee who has a child or children enrolled in any of our schools.

The trust is also aware that with the opening of new Free Schools in Manchester may lower of applicants has considered employing a marketing consultancy firm to enable the schools to make their message, and excellence of the work being done by them, to wider and bigger audience.

Strategic report

Achievements and performance

The trustees are pleased that the academic attainment and achievement of the schools has shown improvement throughout the year. In the recent inspections carried out by Ofsted of our Manchester Muslim Preparatory School in February 2018, this school received outstanding performance for "Personal development, behaviour and welfare" and Good in all other categories However there is always room for improvement in certain areas. The public examination results for GCSEs continued to reflect the high level of progress, improvement and achievement expected from the students at both schools.

Teaching and learning continues to improve. Staff is continuously being trained to improve in this area; regular CPDs and staff insets are organised; extra-curricular activities continue to expand. Trips are regularly organised by the schools to museums, football matches, going abroad for educational trips, etc. Participation in various outdoor and health related activities continue to be organised by the schools with competitive matches being played with local schools. The organisation of interfaith exchange programmes, fund raising for various Appeals and Charities, such as Penny Appeal, Islamic relief, Christies Hospital, etc. are regularly conducted with a view to impart the importance of such activities in raising awareness of the children and character building. Important, inspirational speakers are invited, after stringent vetting, to speak to the school pupils with the hope that this will inspire them to become better human beings and British Muslims and in the future they themselves will act as role models for their younger school colleagues. Trips abroad have proved to be an important educational experience for the students and have now become a regular fixture. Whilst various activities are held throughout the year, this remains popular with the students, helping them to bond with each other and to increase their sense of common social responsibility. As in the past Umrah, (lesser pilgrimage) trips have continued to be organised to educate the learners in the importance of pilgrimage. The students have completed a successful Umrah, attaining a life changing experience of both spiritual and educational benefits. Trips to other countries have also been arranged with a view to help broaden the outlook of students and for them to understand other cultures and history of those countries. Other activities include participating in debating competitions, which helps their ability to research and deliver a point of view more convincingly and confidently. Inter-faith and multi-faith activities are vigorously pursued. Schools marked Holocaust Day on 27th January as well recognising problems being faced across the globe by other communities under undemocratic regimes. Other activities which add to their experience and awareness regarding where they live included "Citizenship Week", mock elections, visiting House of Parliament and meeting the Prime Minister, etc. Community related projects are also organised and these include litter picking from local parks, feeding the homeless. Students at both schools undertook work experience projects

All accepted placements at various local locations and every single pupil expressed this as an enjoyable learning experience. Positive and supportive reports from employers who participated in the placement programmes have been noted. The PTA is being reinforced so as to be more effective with the hope that they will be supportive to their respective schools in many other ways in addition to be able to try and raise funds for additional resources and facilities in the school.

The schools have continued to build upon their reputation for educating its pupils to a high standard, whilst also providing them with a full and rounded education through a full programme of extra-curricular activities.

The Trustees are also satisfied that the schools are achieving their stated objectives throughout the year in question.

In line with maintaining the buildings and keeping the schools in good and presentable condition, and to fulfil the Health & Safety guidelines, regular repair and maintenance work is carried out. In the Schools, computers are regularly upgraded or replaced as and when necessary for the betterment of education. The schools have inter-active boards as an additional resource to be used by staff to inform the students better and facilitate their educational experience in a more robust manner. All this is in line with the Trust's strategy to improve their educational facilities and to provide an atmosphere where students can feel safe and learn in an environment conducive to learning.

The Trust has this year, as in last few years, been unable to raise funds for capital projects either locally or from abroad. This has remained difficult. However attempts are continually being made to raise funds to implement smaller improvement and refurbishment work. Efforts are also made to raise funds to provide financial help to deserving children and their parents.

In line with the policy and vision of the Trust, all MIET schools try and impart to their students British values which are in no way different from the values expressed by their faith: values of tolerance, peace, coexistence, to be charitable, etc. The pupils are taken to houses of worship of other religions and faiths; pupils of other faiths are invited to visit our schools and pupils from our schools visit schools of other faiths or none.

The Schools each have a separate dedicated Head teacher and each of the Schools is fortunate to have staff that is hard working and is fully committed and, in turn, is led by a capable Head teacher and Senior Management/Leadership Teams. The head teacher of Manchester Muslim Preparatory School was asked to resign as she did not meet the targets given to her. New structure in the form of a promotion of senior leadership member to the position of Acting Head teacher, under the guidance of the very experienced Head teacher of our Manchester Islamic High School for Girls was instituted in September 2017. The Head teacher of Manchester Islamic High School for Girls was given the title of "Executive Head teacher" and was also informed that this position had been created as an interim measure with certain specific tasks, of which three were primary, i.e. improving school teaching and learning; to improve school budgetary position and to train the Acting Head teacher so that she would eventually take over as the Head teacher. The role of the Executive Head teacher, should the current appointment prove beneficial, may also be extended in the future to cover our KD Grammar School for Boys.

There have been a few staff changes during the year at all the schools; this is in line with such changes taking place at all schools during the academic year. The Boys School and the Preparatory School also have a Deputy Head teacher to help the Head teachers.

Fund raising for other charities

The staff and pupils supported various local and national appeals at other events, supporting good causes and humanitarian appeals. Student participation in fund raising for people struck by various natural calamities and disasters abroad was forthcoming and generous. They showed keenness and were able to raise funds for various charities. The events are appreciated by pupils as a reflection of their faith, individual well-being, fortunate circumstances and responsibilities as future citizens. The Trustees would sincerely like to record their gratitude and thanks to their staff and others who may have volunteered their time and money, for their tremendous efforts in furthering the schools' development and for their compassionate voluntary services rendered during the year.

Financial review

The schools' principal funding source is from school fees, which amounted to £2,830,004 (2017: £2,752,285). The schools continue to hire out facilities during vacations and after-school hours, and have contributed £53,684 (2017: £47,632) to income. This facility is provided to the community and the public at discounted prices/rates so as to facilitate ease of availability with a view to benefit the community and public. Fees and salary increase had to be implemented given that salary increase can only be justified in most cases with an increase in school fees. Overhead percentage has remained fairly consistent throughout the period. If the Trust and the schools are to fulfil the purpose for which they were established, then its existence and availability must be known to as many in the community as possible.

Although the principal source of funding for running the schools is the fee charged from the students, however, fundraising is continuously being pursued by the Schools and the Trust to augment the funds needed by the schools.

Reserves policy

The Trust has a Reserves Policy.

This policy details that the charity presently maintains unrestricted funds at a level sufficient to cover unforeseen and major expenditure and shortfalls in income of atleast two months. These funds are unrestricted. The trustees remain confident in their ability to raise the necessary funds, thereby adhering to the maintenance of a balanced budget.
The Trust also has the following written policies:

- Volunteer Policy.
- Conflict Of Interest Policy.
- Investment Policy.

Remuneration policy

The Charity follows a policy on remuneration very much dependant on demand and supply of requirement of personnel with a particular skill set or specialism at the given time. It, nevertheless, takes into account the overall budgetary and financial position of the Charity at that particular time. The risk of losing personnel to other organisations willing to pay more lucrative remuneration always exists, however, the Charity offsets this by employing younger less experienced personnel but at the same time instituting a very rigorous and robust training and professional development programme. Another attraction offered, especially to the higher management level staff, is to provide a very congenial and friendly workplace environment where they are made to feel important and valued.

Going concern

The trustees consider that the projected net income and the value of realisable assets will be more than adequate to cover the current liabilities of the charity.

Hence, the trustees conclude that the accounts comply with the requirements of the Trust's governing body and it remains a going concern.

Plans for future periods

The key plans related to the charitable aspects of the Schools remain as follows:
- Improvement in teaching & learning
- Greater emphasis was given to continuous development & training of staff members so that improved teaching and learning and greater numbers could be classified as "Outstanding" and "Good" in their field of work.
- Improvement in systems was achieved.
- A more forensic review of budgets and financial spending was carried out throughout the year. A more thorough scrutiny was instituted.
- The need for effective use of space and resources within the Schools;
- Improvement of the marketing plans for recruiting extra students in all schools;
- To maintain and improve the current high standards of academic achievement as measured by external examinations and independent value added criteria;
- To continue focusing on continued professional development for teachers and the management.
- To find ways & means to provide funding so as to offer financial assistance to more applicants than being presently done.

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are also the directors of Manchester Islamic Educational Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

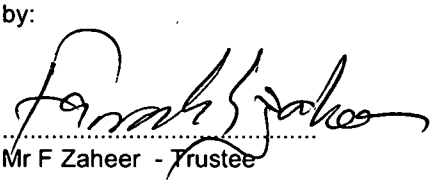
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Riley Moss Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, approved by the board of trustees, as the company directors, and signed on its behalf by:



Mr F Zaheer - Trustee

Date: 27/5/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD

Opinion

We have audited the financial statements of Manchester Islamic Educational Trust Ltd (the 'charitable company') for the year ended 31 August 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Statement of Financial Position, the Consolidated and Charity Statement of Cash Flows and 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2018 and group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
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 a Report of the Independent Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Farook Patel (Senior Statutory Auditor)
for and on behalf of Riley Moss Audit LLP
Chartered Accountants
First Floor
184 Cheetham Hill Road
Manchester
M8 8LQ

Date: 29/05/2019

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds £	Restricted fund £	2018 Total funds £	2017 Total funds £
Income and endowments from					
Donations and legacies	3	31,333	-	31,333	15,146
Charitable activities	5				
Charitable activities		3,118,302	-	3,118,302	3,033,952
Income from fund raising events	4	1,194	-	1,194	10,148
Turnover of trading subsidiary	13	260,110	-	260,110	244,045
Total		3,410,939	-	3,410,939	3,303,291
Expenditure on					
Charitable activities	6				
Charitable activities		3,418,077	-	3,418,077	3,296,656
Trading cost of subsidiary	13	150,243	-	150,243	152,645
		3,568,320		3,568,320	3,449,301
Net income/(expenditure)		(157,381)	-	(157,381)	(146,010)
Reconciliation of funds					
Total funds brought forward		3,725,931	-	3,725,931	3,871,941
Total funds carried forward		3,568,550	-	3,568,550	3,725,931

The notes form part of these financial statements

MANCHESTER ISLAMIC EDUCATIONAL TRUST
LTD (REGISTERED NUMBER: 03544402)

CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2018

	Notes	2018 Group	2017 Group	2018 Charity	2017 Charity
		£	£	£	£
Fixed assets					
Tangible assets	12	3,419,196	3,512,790	3,419,196	3,512,790
Investments	13			100	100
		3,419,196	3,512,790	3,419,296	3,512,890
Current assets					
Debtors	14	70,557	76,003	137,223	124,203
Cash at bank and in hand		566,802	716,332	464,708	623,371
		637,359	792,335	601,931	747,574
Creditors					
Amounts falling due within one year	15	(488,005)	(579,194)	(452,678)	(534,533)
Net current assets		149,354	213,141	149,254	213,041
Total assets less current liabilities		3,568,550	3,725,931	3,568,550	3,725,931
Net assets		3,568,550	3,725,931	3,568,550	3,725,931
Funds					
Unrestricted funds	16	3,568,550	3,725,931	3,568,550	3,725,931
Total funds		3,568,550	3,725,931	3,568,550	3,725,931

The financial statements were approved by the Board of Trustees on 27/05/2019 and were signed on its behalf by:

Mr F Zaheer -Trustee

Mr N Mahmood -Trustee

The notes form part of these financial statements

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD

CONSOLIDATED AND CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Cash flows from operating activities:					
Cash generated from operations	1	(133,789)	52,310	(143,047)	37,154
Net cash provided by (used in) operating activities		(133,789)	52,310	(143,047)	37,154
Cash flows from investing activities:					
Purchase of tangible fixed assets		(15,741)	(38,404)	(15,741)	(38,404)
Net cash provided by (used in) investing activities		(15,741)	(38,404)	(15,741)	(38,404)
Change in cash and cash equivalents in the reporting period		(149,530)	13,906	(158,788)	(1,250)
Cash and cash equivalents at the beginning of the reporting period		716,332	702,427	623,496	624,621
Cash and cash equivalents at the end of the reporting period		566,802	716,332	464,708	623,371

The notes form part of these financial statements

MANCHESTER ISLAMIC EDUCATIONAL TRUST
LTD

NOTES TO THE CONSOLIDATE AND CHARITY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(157,381)	(146,010)	(157,381)	(146,010)
Adjustments for:				
Depreciation charges	109,335	112,345	109,335	112,345
Decrease in debtors	5,446	13,862	(13,020)	29,145
(Decrease)/increase in creditors	(91,189)	72,113	(81,980)	41,674
Net cash provided by (used in) operating activities	(133,789)	52,310	(143,047)	37,154

1. Accounting policies

Basis of preparing the financial statements
Manchester Islamic Educational Trust Limited meets the definition of a Public Benefit Entity under FRS 102. Manchester Islamic Educational Trust Limited is a private company limited by guarantee, registered in England and Wales (Company number: 03544402) and a registered charity in England and Wales (Charity number:1073862). The address of the registered office is Trust Office, Hartley Hall, Alexandra Road South, Manchester, M16 8NH, UK.

These financial statements have been prepared in compliance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Trustees consider that the charitable company has sufficient resources and there are no material uncertainties about the charity's ability to continue. Accordingly, trustees continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation
The group financial statements consolidate the financial statements of the Charity and its wholly owned subsidiary Hartley Hall Residence Limited. All inter group transactions and profits are eliminated fully on consolidation. As permitted by section 408 of the Companies Act 2006, a separate Statement of Financial Activities and income and expenditure account for the charity itself are not presented.

Incoming resources
All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from school fees represents fees earned in respect of the provision of education to pupils during the year. Fees for education to be provided in future years are carried forward as deferred income in the balance sheet.

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from investments is included in the year in which it is receivable.

Resources expended
Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

1. Accounting policies - continued

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% Straight line on building only
Short leasehold	- Straight line over 10 years
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Taxation
The charity is exempt from corporation tax on its charitable activities.

Fund accounting
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits
The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments
The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash and bank in hand, trade debtors and other debtors. A specific provision is made for debts for which recoverability is in doubt. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Donations and legacies

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Donations received	31,333	15,146	31,333	15,146

4. Income from fund raising

Events

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Fundraising events - Donations	1,194	10,148	1,194	10,148

5. Income from charitable activities

	Activity	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
School fees	Charitable activities	2,830,004	2,752,285	2,830,004	2,752,285
Rent received and hire of facilities	Charitable activities	47,156	47,632	90,356	90,832
Books, sundry fees and miscellaneous income	Charitable activities	241,142	234,035	241,142	234,035
		3,118,302	3,033,952	3,161,502	3,077,152

6. Charitable activities costs

	Direct costs £	Support costs (See note 7) £	2018 Totals £	2017 Totals
Charitable activities	2,907,485	660,835	3,568,320	3,449,301

7. Support costs

	2018 £	2017 £
Support costs		
Management		
Rates and water	30,502	62,766
Insurance	33,377	23,320
Light and heat	63,295	69,457
Telephone	11,886	12,140
Postage and stationery	28,062	28,557
Advertising	32,136	37,451
Sundries	5,357	12,890
Canteen subsidy	55,460	33,984
Cleaning	54,250	48,514
Subscriptions	21,364	14,696
Staff recruitment and training	17,737	10,091
Bad debts	38,933	35,664
Freehold property depreciation	77,068	77,068
Carried forward	469,427	466,598

Brought forward	469,427	466,598
Fixtures and fittings depreciation	31,668	34,478
Motor vehicles depreciation	599	799
Bank charges	6,493	5,675
Repairs and renewals	101,027	143,179
Software licences	17,830	5,723
Motor and travel expenses	3,245	7,163
Governance costs		
Auditors remuneration	4,680	3,600
Accountancy and legal fees	585	24,276
Legal fees	22,621	15,863
Consultancy fees	2,660	
	660,835	707,354

8. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration for group	5,700	5,700
Depreciation - owned assets	109,335	112,345

9. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

Trustees' expenses
There were no trustees' expenses paid for the year ended 31 August 2018 nor for the year ended 31 August 2017.

10. Staff costs

	2018	**2017**
	£	**£**
Wages and salaries	2,315,812	2,171,766
Social security costs	177,316	164,412
Other pension costs	27,718	12,535
	2,520,846	2,348,713

The average monthly number of employees during the year was as follows:

	2018	2017
Teaching staff	97	88
Support staff	18	40
	115	128

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018	2017
£60,001 - £70,000	1	1

The key management personnel of the charity comprise the Trustees, the Head teachers and the trust administrators. The total employee benefits of the key management personnel of the charity were £186,521 (2017:£189,595).

Trustees received no remuneration (2017:£nil) from the charity and were not reimbursed for any of their expenses in the year (2017:£nil).

11. Tangible fixed assets

	Freehold property	Short leasehold	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 September 2017	3,853,393	177,909	685,986	15,271	4,732,559
Additions	-	-	15,741	-	15,741
At 31 August 2018	3,853,393	177,909	701,727	15,271	4,748,300
Depreciation					
At 1 September 2017	538,376	177,909	490,609	12,875	1,219,769
Charge for year	77,068	-	31,668	599	109,335
At 31 August 2018	615,444	177,909	522,277	13,474	1,329,104
Net book value					
At 31 August 2018	3,237,949	-	179,450	1,797	3,419,196
At 31 August 2017	3,315,017	-	195,377	2,396	3,512,790

Manchester Islamic Educational Trust owns three freehold properties and these are situated as follows:

- 55 High Lane, Chorlton, Manchester,
- Hartley Hall, Alexandra Road South, Manchester,
- The Grange, 551 Wilmslow Road, Withington, Manchester.

In the opinion of the Trustees, the cost of professionally valuing these assets to include a value in the accounts outweighs the benefits to the users of the accounts. They are insured for £31M which is an estimate of their reinstatement value.

12. Fixed asset investments

	Shares in group undertakings
	£
Market value	
At 1 September 2017 and 31 August 2018	100
Net book value	
At 31 August 2018	100
At 31 August 2017	100

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Hartley Boarding Halls Ltd
Nature of business: Rental income from student accommodation

Class of share:	% holding
Equity share	100

	31.8.18	31.8.17
	£	£
Aggregate capital and reserves	100	100

The charity controls its trading subsidiary Hartley Boarding Halls Ltd (Company Number 08956450, previously known as Hartley Hall of Residence Ltd), a company registered in England and Wales, by virtue of holding 100% equity share capital.

Hartley Boarding Halls Ltd principal activity continues to be that of receiving rental income from student accommodation. Hartley Boarding Halls Ltd was set up for furthering the fundraising activities of Manchester Islamic Educational Trust Ltd (Charity) with all profits to be donated back to Charity. A summary of Hartley Boarding Halls Ltd's trading results for the year ended 31 August 2018, as extracted from the audited financial statements are summarised below:

Summary of trading results:

	2018	2017
	£	£
Turnover	260,110	244,045
Rent paid to charity	(43,200)	(43,200)
Administrative expenditure	(150,244)	(152,645)
Net profit for the year	66,666	48,200
Amount gift-aided to the charity	(66,666)	(48,200)
Retained profit	-	-

13. Debtors: amounts falling due within one year

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Trade debtors	40,685	49,435	40,685	49,435
Other debtors	21,077	20,652	21,077	20,652
Amounts owed by group undertaking			66,666	48,200
Prepayments and accrued income	8,795	5,916	8,795	5,916
	70,557	76,003	137,223	124,203

14. Creditors: amounts falling due within one year

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Trade creditors	39,019	93,425	37,747	93,425
Social security and other taxes	46,658	39,686	45,924	38,449
Pension control account	3,458		3,402	
Other creditors	79,629	114,833	53,774	384
Refundable deposits	291,589	294,426	291,589	294,426
Accruals and deferred income	18,855	36,824	11,445	19,702
Deferred income	8,797		8,797	88,147
	488,005	579,194	452,678	534,533

15. Financial instruments

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Financial assets measured at amortised cost	628,563	786,420	593,136	741,658
Financial liabilities measured at amortised cost	437,887	539,508	403,352	496,084

16. Movement in funds

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
Unrestricted donations	3,725,931	(157,381)	3,568,550
TOTAL FUNDS	3,725,931	(157,381)	3,568,550

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
Unrestricted donations	3,410,939	(3,568,320)	(157,381)
TOTAL FUNDS	3,410,939	(3,568,320)	(157,381)

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
Unrestricted donations	3,871,941	(146,010)	3,725,931
TOTAL FUNDS	3,871,941	(146,010)	3,725,931

17. Pension commitments

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £27,718 (2017: £12,535).

18. Related party disclosures

During the year charity paid £8,297 (2017: £7,270) towards accountancy services to Zaheer and Co, Chartered Certified Accountants, in which Farroukh Zaheer, who is a trustee of Manchester Islamic Educational Trust Ltd, is a partner.

As at 31 August 2018, the amount owed by British Muslim Heritage Centre, a connected charity by way of common trustees was £20,000 (2017: £20,000) and included within other debtors. The loan is interest free, unsecured and payable on demand.

Manchester Islamic Educational Trust Ltd owns 100% share capital of Hartley Boarding Halls Ltd. Farroukh Zaheer, Nasar Mahmood, Haytham Al-Khaffaf are directors of Hartley Boarding Halls Ltd. Its results are shown in note 13.

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

	2018 £	2017 £
Income and endowments		
Donations and legacies		
Donations received	31,333	15,146
Income from fund raising events		
Fundraising events - Donations	1,194	10,148
Charitable activities		
School fees	2,830,004	2,752,285
Rent received and hire of facilities	47,156	47,632
Books, sundry fees and miscellaneous income	241,142	234,035
	3,118,302	3,033,952
Other income		
Turnover of trading subsidiary	260,110	244,045
Total incoming resources	3,410,939	3,303,291
Expenditure		
Charitable activities		
Wages	2,315,812	2,171,766
Social security	177,316	164,412
Pensions	27,718	12,535
Books and resources	101,610	118,876
School trips and coach hire	118,434	121,712
Donations	15,076	-
Fundraising costs	1,276	-
	2,757,242	2,589,301
Support costs		
Management		
Rates and water	30,502	62,766
Insurance	33,377	23,320
Light and heat	63,295	69,457
Telephone	11,886	12,140
Postage and stationery	28,062	28,557
Advertising	32,136	37,451
Sundries	5,357	12,890
Canteen subsidy	55,460	33,984
Cleaning	54,250	48,514
Subscriptions	21,364	14,696
Staff recruitment and training	17,737	10,091
Carried forward	335,689	343,775

MANCHESTER ISLAMIC EDUCATIONAL TRUST LTD

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

	2018 £	2017 £
Management		
Brought forward	335,689	343,775
Bad debts	38,933	35,664
Freehold property	77,068	77,068
Fixtures and fittings	31,668	34,478
Motor vehicles	599	799
	501,694	501,875
Finance		
Bank charges	6,493	5,675
Information technology		
Repairs and renewals	101,027	143,179
Human resources		
Software licences	17,830	5,723
Other		
Motor and travel expenses	3,245	7,163
Governance costs		
Auditors' remuneration	4,680	3,600
Accountancy and legal fees	585	24,276
Legal fees	22,621	15,863
Consultancy fees	2,660	-
	30,546	43,739
Trading cost of subsidiary	150,243	152,645
Total resources expended	3,568,320	3,449,301
Net expenditure	(157,381)	(146,010)