

Charity number: 1073862
Company number: 3544402

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 August 2016

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Legal and administrative information

Charity registration number 1073862

Company registration number 3544402

Registered office and Business address
Trust Office, Hartley Hall
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Trustees
Mr Farroukh Zaheer
Moulana Habib Ur Rahman (Deceased on 10/05/2017)
Mr Nasar Mahmood
Mr Imad Al-Salam
Mr Abdulkadir Kawooya
Mr Salim Al-Astewani
Mr Haytham Al-Khaffaf
Dr Abdullah Al-Majid
Dr Hamad Al Majid
Dr Abdullah Al-Razeen
Dr Abdul Mohsen Al-Saif
Mr Samer Salam
Mr Tamim Estwani (Resigned on 19/05/2017)
Mrs Farhat Javid

Head teachers
Mrs Mona Mohamed
Mrs Noreen Hameed
Mr Akhmed Hussain

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

Bankers
Royal Bank of Scotland
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Withington
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Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Trustees' report (incorporating the directors' report) and strategic report
for the year ended 31 August 2016

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 2016. 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 and Manchester Muslim Preparatory School. MIET also has a subsidiary by the name of Hartley Hall of Residence Ltd. This is being operated as an accommodation for university and college students. 100% of the shares owned by MIET. Hartley Hall of Residence Ltd, located in part of MIET's Hartley Hall property site, rents the premises from MIET. All the buildings housing these schools, and the student accommodation, are owned by MIET. MIET, 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 charitable 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 probationary period of six months. Subject to a satisfactory outcome of the probationary period, a permanent trusteeship is offered subsequently. 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. During the year no trustee was appointed and no trustee resigned.

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.

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 the property, Hartley Hall, 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.

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Trustees' report (incorporating the directors' report) and strategic report
for the year ended 31 August 2016

Objectives and activities

The objective of the Trust is the advancement in the United Kingdom of education in general, 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 demands, but this is subject to availability of adequate funds. In setting the objectives and planning activities, trustees have given careful consideration to the Charity Commission's general guidance on public benefit, advancing education and on fee-charging.

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. Manchester Muslim Preparatory School, which was being operated previously by a sister charity, was transferred to this Trust in September 2009.

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.

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 schools do also award bursary places by giving some financial assistance to those that are less fortunate. It also provides limited financial scholarships to the more able and brighter children. The Trust has over the years continued to extend additional financial help and assistance to the less fortunate who have found it difficult to pay the full fees, as well as discounts to siblings. This has amounted to £192,000 over the year. By offering discount on fees and helped by donations received from Hartley Hall of Residence Ltd, 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.

Strategic report

Achievements and performance

The trustees are pleased that the academic attainment and achievement of the schools has been satisfactory throughout the year. In the recent inspections carried out by Ofsted of two of our schools we achieved good to outstanding judgements. However there is always room for improvement in certain areas. The public examination results for GCSEs continued to reflect the high level of achievement expected from the students at both schools.

Teaching and learning continues to improve. Staff is continuously being trained to further improve in this area; 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, raising of funds for various Appeals and Charities, such as Children in Need, 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 Muslims and will in the future they themselves will act as role models for their younger school colleagues.

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Trustees' report (incorporating the directors' report) and strategic report
for the year ended 31 August 2016

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 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 related to celebrating success in with winning Stock Market Challenge in the competition organised for schools across the region; 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 of where they live included "Citizenship Week", mock elections, visiting House of Parliament and meeting the Prime Minister, etc. Community related projects were also organised and these included litter picking from local parks, feeding the homeless. Students at both high schools undertook work experience projects. All accepted placements at various local locations and every single pupil expressed enjoyable and learning experiences. 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 in raising 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 Trusts' strategy to improve their educational facilities and to provide an atmosphere where students can feel safe and learn in an environment conducive to learning.

Fund raising for capital projects 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. 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. Hartley Hall of Residence Ltd, the wholly owned subsidiary of MIET, has a dedicated "Residential Lettings Manager" to look after that side of the operations and to ensure a good service is being provided to the residents.

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.

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Trustees' report (incorporating the directors' report) and strategic report
for the year ended 31 August 2016

Financial review

The schools' principal funding source is from school fees, which amounted to £2,658,412 (2015:£2,596,233). The schools continue to hire out facilities during vacations and after-school hours, and have received £49,139 (2015:£45,668). 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 be benefit to the community and public. The Charity's subsidiary company Hartley Hall of Residence Limited (HHR) has continued to maintain its valuable contribution to the charity by the method of gift aid which amounted to £112,209 (2015: £186,209). Rental income from HHR amounted to £43,200 (2015:£43,200). 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. The Trust and the schools are continuing with aggressive promotional plan to try and attract more parents/pupils to the schools. 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 sourced 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 at least 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 and 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. Its subsidiary, Hartley Hall of Residence Ltd, is a viable going concern, and major risks have been reviewed and procedures have been established to manage risks if they arise. 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 are 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;
- 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;
- 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.

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

**Trustees' report (incorporating the directors' report) and strategic report
for the year ended 31 August 2016**

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 accounting 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; and
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

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

A resolution proposing that Riley Moss Audit LLP be reappointed as auditors of the charity will be put to the Annual General Meeting.

Vote of Thanks and Gratitude

The Trustees would sincerely like to record their gratitude and thanks to their staff, parents and the PTA's of the school and for all the volunteers for their tremendous efforts in furthering the school's development and for their compassionate voluntary services rendered during the year. Secondly, we thank all voluntary supporters and donors whose commitment and dedication has led to the success of this charity

This report was approved by the trustees and signed on its behalf by



Mr Farroukh Zaheer
Director / Trustee

Date:

26/11/05/2017

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Independent auditor's report to the members of Manchester Islamic Educational Trust Limited

We have audited the financial statements of Manchester Islamic Educational Trust Limited for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statement and the related notes. 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).

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 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 2 - 5, the trustees (who are also directors 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. We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report and the strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

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 2016 and of 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.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the trustees' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 and Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, 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.

Farook Patel
Senior Statutory Auditor
For and on behalf of Riley Moss Audit LLP
Statutory Auditor

Date: 26 | 05 | 2017

First Floor
184 Cheetham Hill Road
Manchester
M8 8LQ

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Consolidated statement of financial activities (incorporating the consolidated income and expenditure account)
For the year ended 31 August 2016

	Notes	Unrestricted funds £	2016 Total £	2015 Total £
Income from:				
Donations and legacies	2	12,472	12,472	19,694
Charitable activities	3	2,965,207	2,965,207	2,901,310
Other trading activities				
Fundraising events	4	4,914	4,914	5,674
Turnover of trading subsidiary	5	294,300	294,300	379,449
Total income		3,276,893	3,276,893	3,306,127
Expenditure on:				
Raising funds:				
Fund raising costs	6	5,099	5,099	3,018
Trading cost of subsidiary	5	138,891	138,891	150,040
Charitable activities	7	3,158,850	3,158,850	3,100,381
Total expenditure		3,302,839	3,302,839	3,253,439
Net income/(expenditure) and net movement in funds for the year		(25,946)	(25,946)	52,688
 Total funds brought forward	20	 3,897,887	 3,897,887	 3,845,199
Total funds carried forward	20	3,871,941	3,871,941	3,897,887

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

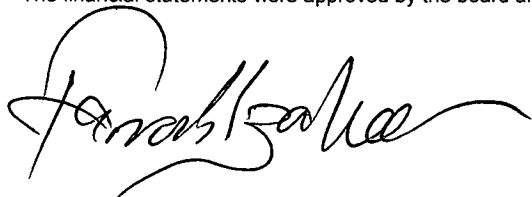
The notes on pages 11 to 16 form an integral part of these financial statements.

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Consolidated and Charity balance sheet
as at 31 August 2016

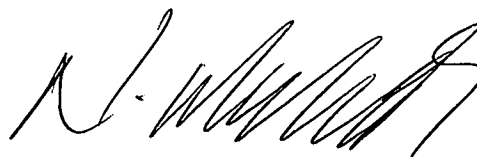
	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Fixed assets					
Tangible Assets	14	3,586,729	3,696,752	3,586,729	3,696,752
Investments	15	-	1,000	100	1,100
		<u>3,586,729</u>	<u>3,697,752</u>	<u>3,586,829</u>	<u>3,697,852</u>
Current assets					
Debtors	16	89,865	103,427	153,347	215,878
Cash at bank and in hand		<u>702,427</u>	<u>613,369</u>	<u>624,621</u>	<u>495,929</u>
		<u>792,292</u>	<u>716,796</u>	<u>777,968</u>	<u>711,807</u>
Creditors: amounts falling due within one year	17	(507,080)	(516,661)	(492,857)	(511,772)
Net current assets		<u>285,212</u>	<u>200,135</u>	<u>285,111</u>	<u>200,035</u>
Net assets		<u>3,871,941</u>	<u>3,897,887</u>	<u>3,871,941</u>	<u>3,897,887</u>
Funds					
Unrestricted income funds	20	<u>3,871,941</u>	<u>3,897,887</u>	<u>3,871,941</u>	<u>3,897,887</u>
Total funds		<u>3,871,941</u>	<u>3,897,887</u>	<u>3,871,941</u>	<u>3,897,887</u>

The financial statements were approved by the board and signed on its behalf by



Mr Farroukh Zaheer
Director / Trustee

Date: 26/05/2017



Mr Nasar Mahmood
Director / Trustee

Date: 26/5/17

Company number: 3544402
Charity number: 1073862

The notes on pages 11 to 16 form an integral part of these financial statements.

Manchester Islamic Educational Trust Limited
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Consolidated and Charity cash flow statement
for the year ended 31 August 2016

	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Net cash inflow from operations					
Net cash provided by operating activities	a	90,486	250,069	130,120	127,840
Cash flows from investing activities					
Payments to acquire tangible assets		(2,428)	(31,571)	(2,428)	(31,571)
Receipts from sale of investments		1,000		1,000	(100)
Net cash used in investing activities		(1,428)	(31,571)	(1,428)	(31,671)
Change in cash and cash equivalents in the year					
		89,058	218,498	128,692	96,169
Cash and cash equivalents at start of the year	b	613,369	394,871	495,929	399,760
Cash and cash equivalents at end of the year	b	702,427	613,369	624,621	495,929

Notes to the consolidated cash flow statement

	2016 £	2015 £	2016 £	2015 £
a. Net cash provided by operating activities				
Net movement in funds	(25,946)	52,688	(25,946)	52,688
Depreciation and impairment	112,451	124,016	112,451	124,016
(increase)/Decrease in debtors	13,562	39,307	62,531	(73,144)
increase/(Decrease) in creditors	(9,581)	34,058	(18,915)	24,280
	90,486	250,069	130,120	127,840
b. Analysis of cash and cash equivalents				
Cash at bank and in hand	702,427	613,369	624,621	495,929

The notes on pages 11 to 16 form an integral part of these financial statements.

Notes to financial statements
for the year ended 31 August 2016

1. Accounting policies

1.1. Basis of accounting

Manchester Islamic Educational Trust Limited meets the definition of a Public Benefit Entity under FRS 102. The charity is a private company limited by guarantee, registered in England and Wales (Company number: 3544402) 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 Charity transitioned from previous UK GAAP to FRS 102 as at 1 September 2014. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP 102, the restatement of comparative items was required. There have been no changes as a result of the transition to FRS102 and the reserves position is unadjusted from the previously reported position.

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.

1.2. 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.

1.3. Fund accounting

Unrestricted funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds - these are funds that 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.

1.4. 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.

1.5. 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.

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.

1.6. 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.

Notes to financial statements
for the year ended 31 August 2016

1.7 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.

1.8 Pension costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity in an independently administered fund. The charity contributions for the scheme are charged to the Statement of Financial Activities on a payable basis.

1.9. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over 50 years
Ground and building improvements	-	Straight line over ten years
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicle	-	25% reducing balance

1.10. Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.11. Company limited by guarantee

Manchester Islamic Educational Trust Limited is a company limited by guarantee and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

2. Income from donations and legacies

	Unrestricted funds £	2016 Total £	2015 Total £
Unrestricted donations	12,472	12,472	19,694
	<u>12,472</u>	<u>12,472</u>	<u>19,694</u>

3. Income from charitable activities

	Unrestricted funds £	Group 2016 Total £	Group 2015 Total £	Charity 2016 Total £	Charity 2015 Total £
School fees	2,658,412	2,658,412	2,596,233	2,658,412	2,596,233
Books, sundry fees and miscellaneous income	257,656	257,656	259,409	257,656	259,409
Rent received and hire of facilities	49,139	49,139	45,668	92,339	88,868
	<u>2,965,207</u>	<u>2,965,207</u>	<u>2,901,310</u>	<u>3,008,407</u>	<u>2,944,510</u>

4. Income from fundraising events

	Unrestricted funds £	2016 Total £	2015 Total £
Fundraising events - Donations	4,914	4,914	5,674
	<u>4,914</u>	<u>4,914</u>	<u>5,674</u>

Manchester Islamic Educational Trust Limited
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 August 2016

5. Income from subsidiary trading activities

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

Hartley Hall of Residence Limited's (HHR Ltd) principal activity continues to be that of receiving rental income from student accommodation. HHR 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 HHR Ltd's trading results for the year ended 31 August 2016, as extracted from the audited financial statements are summarised below:

Summary of trading results:

	2016 £	2015 £
Turnover	294,300	379,449
Rent paid to charity	(43,200)	(43,200)
Administrative expenditure	(138,891)	(150,040)
Net profit for the year	112,209	186,209
Amount gift-aided to the charity	(112,209)	(186,209)
Retained profit	-	-
Shareholders' Funds	100	100

6. Costs of generating funds

	Unrestricted funds £	2016 Total £	2015 Total £
Costs of fund raising event	5,099	5,099	3,018
	5,099	5,099	3,018

7. Charitable activities

	Notes	Unrestricted funds £	2016 Total £	2015 Total £
Teaching staff costs		1,725,747	1,725,747	1,604,978
Book and resources		153,819	153,819	137,866
School trips		114,766	114,766	133,169
Support costs	8	1,147,140	1,147,140	1,211,382
Governance costs	9	17,379	17,379	12,986
		3,158,850	3,158,850	3,100,381

8. Analysis of support costs

The breakdown of support costs and how these were allocated between costs of generating funds and charitable activities is shown in the table below:

	Basis of allocation	Costs of charitable activities £	2016 Total £	2015 Total £
Staff costs - non teaching staff	Staff time	477,420	477,420	539,476
Rates including water rates	Usage	27,298	27,298	43,737
Light and heat	Usage	67,854	67,854	84,271
Repairs and maintenance	Usage	157,932	157,932	131,005
Insurance	Usage	33,201	33,201	31,544
Motor and travelling costs	Usage	5,501	5,501	5,563
Legal and professional costs	Usage	9,039	9,039	15,774
Depreciation	Usage	112,451	112,451	124,016
Advertising	Usage	50,289	50,289	42,750
Telephone	Usage	14,978	14,978	13,893
Catering expenditure	Usage	35,811	35,811	41,816
Software expenses	Usage	(503)	(503)	2,573
Cleaning	Usage	50,810	50,810	52,092
Subscriptions	Usage	27,237	27,237	12,747
Printing and postage	Usage	25,677	25,677	25,088
Bank charges	Usage	5,594	5,594	6,108
General expenses	Usage	10,169	10,169	15,974
Staff recruitment and training	Staff time	10,164	10,164	17,508
Bad debts	Usage	26,219	26,219	5,448
		1,147,140	1,147,140	1,211,383

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Notes to financial statements
for the year ended 31 August 2016

9. Analysis of governance costs

		Costs of charitable activities	2016 Total	2015 Total
		£	£	£
Accountancy and bookkeeping fees	Governance costs	13,779	13,779	9,386
Audit fees	Governance costs	3,600	3,600	3,600
		<u>17,379</u>	<u>17,379</u>	<u>12,986</u>

10. Net income/(expenditure) for the year

	2016 £	2015 £
Net income/(expenditure) for the year is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	112,451	124,016
Auditors' remuneration for group	<u>4,600</u>	<u>3,600</u>

11. Employees

Employment costs

	2016 £	2015 £
Wages and salaries	2,039,477	1,998,512
Social security costs	156,580	145,942
Pension costs	<u>7,109</u>	<u>-</u>
	<u>2,203,166</u>	<u>2,144,454</u>

Number of employees

The number of employees who earned more than £60,000 during the year was as follows:

	2016 Number	2015 Number
£60,001 to £70,000	<u>1</u>	<u>1</u>

The average monthly number of employees (excluding trustees) during the year, was as follows:

	2016 Number	2015 Number
Teaching staff	88	81
Support staff	<u>40</u>	<u>47</u>
	<u>128</u>	<u>128</u>

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 £177,562 (2015:£176,006).

Trustees received no remuneration (2015:£nil) from the charity and were not reimbursed for any of their expenses in the year (2015:£nil). During the year Tamim Estwani, a trustee of Manchester Islamic Educational Trust Ltd received remuneration of £20,685 (2015:£16,527) from the charity's subsidiary company Hartley Hall of Residence Ltd.

12. Pensions

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £7,109 (2015: £Nil).

13. Taxation

As a registered charity, the company is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only.

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Notes to financial statements
for the year ended 31 August 2016

14. Tangible fixed assets	Land and buildings freehold	Ground and building improvements	Fixtures, fittings and equipment	Motor vehicle	Total
	£	£	£	£	£
Cost					
At 1 September 2015	3,853,393	177,909	645,152	15,271	4,691,725
Additions	-	-	2,428	-	2,428
At 31 August 2016	3,853,393	177,909	647,580	15,271	4,694,153
Depreciation					
At 1 September 2015	384,240	177,909	422,346	10,478	994,973
Charge for the year	77,068	-	33,785	1,598	112,451
At 31 August 2016	461,308	177,909	456,131	12,076	1,107,424
Net book values					
At 31 August 2016	3,392,085	-	191,449	3,195	3,586,729
At 31 August 2015	3,469,153	-	222,806	4,793	3,696,752

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 £29 m which is an estimate of their reinstatement value.

15. Fixed asset investments	Subsidiary undertaking shares	Group Other unlisted investments	Charity Total
	£	£	£
Valuation			
At 1 September 2015	100	1,000	1,100
Disposals	-	(1,000)	(1,000)
At 31 August 2016	100	-	100

16. Debtors	Group 2016	Group 2015	Charity 2016	Charity 2015
	£	£	£	£
Fee debtors	63,417	72,828	63,417	72,828
Amount due from subsidiary undertaking	-	-	63,482	112,451
Other debtors	20,652	20,743	20,652	20,743
Prepayments and accrued income	5,796	9,856	5,796	9,856
	89,865	103,427	153,347	215,878

17. Creditors: amounts falling due within one year	Group 2016	Group 2015	Charity 2016	Charity 2015
	£	£	£	£
Trade creditors	60,090	81,302	60,090	79,756
Other taxes and social security	34,166	25,484	32,871	24,197
Other creditors	375,959	305,007	374,267	305,007
Accruals and deferred income	36,865	104,868	25,628	102,812
	507,080	516,661	492,857	511,772

18. Financial instruments	Group 2016	Group 2015	Charity 2016	Charity 2015
	£	£	£	£
Financial assets measured at amortised cost	786,496	706,940	772,172	701,951
Financial liabilities measured at amortised cost	472,914	491,177	459,985	487,575

Notes to financial statements
for the year ended 31 August 2016

19. Analysis of net assets between funds of Group and the Charity

	Unrestricted funds £	Group funds £	Charity funds £
Fund balances at 31 August 2016 as represented by:			
Tangible fixed assets	3,586,729	3,586,729	3,586,729
Investment assets	-	-	100
Current assets	792,292	792,292	777,968
Current liabilities	(507,080)	(507,080)	(492,857)
	<u>3,871,941</u>	<u>3,871,941</u>	<u>3,871,941</u>

20. Unrestricted funds

	At 1 September 2015 £	Incoming resources £	Outgoing resources £	At 31 August 2016 £
Group general fund	<u>3,897,887</u>	<u>3,276,893</u>	<u>(3,302,839)</u>	<u>3,871,941</u>
Charity general fund	<u>3,897,887</u>	<u>3,138,002</u>	<u>(3,163,948)</u>	<u>3,871,941</u>

Purposes of unrestricted funds

The unrestricted funds represents funds which the trustees are free to use in accordance with the charitable objectives.

21. Related party transactions

During the year charity paid £7,386 (2015:£5,196) 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 2016, the amount owed by British Muslim Heritage Centre, a connected charity by way of common trustees was £20,000 (2015: £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 Hall of Residence Ltd (HHR Ltd). Farroukh Zaheer, Nasar Mahmood, Haytham Al-Khaffaf are directors of HHR Ltd. Its results are shown in note 5.