

COMPANY REGISTRATION NUMBER: 06391353
CHARITY REGISTRATION NUMBER: 1122264

**KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY
(BAQUIR) LIMITED**

Company Limited by Guarantee

Financial Statements

31 December 2021

FAIRMAN DAVIS

Chartered accountants & statutory auditor
6 Exhibition House
Addison Bridge Place
London
W14 8XP

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Financial Statements

Year ended 31 December 2021

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KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 December 2021

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2021.

Reference and administrative details

Registered charity name	KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED
Charity registration number	1122264
Company registration number	06391353
Principal office and registered office	17 Clifton Road Balsall Heath B12 8SX
The trustees	Mr G Datoo Mr S Fazal Dr R Alidina Mr S Zaidi Mr M Sachedina Mr H Hudda Mr M Railey
Company secretary	Ismat Ramji
Auditor	Fairman Davis Chartered accountants & statutory auditor 6 Exhibition House Addison Bridge Place London W14 8XP

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

Structure, governance and management

CONSTITUTION

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 5 October 2007. The company is constituted under a Memorandum of Association dated 05/10/07 and is a registered charity number 1122264.

The principal object of the company is the advancement, preservation and welfare of Islam in accordance with the doctrines of the Shia Ithna-Asheri Jafari faith and this is achieved through offering educational opportunities in the context of nursery, secular and religious education facilities.

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The Trustees are appointed in accordance with the Articles of Association at the annual general meeting, or by the Trustees should a vacancy arise in the year. There must be a minimum of two Trustees and one third are required to retire by rotation each year but may stand for re-election should they be eligible.

ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Trustees meet regularly to manage strategy and the organisation. The day to day operations for the different educational activities are delegated to nominated individuals. The management of the investment properties is undertaken by Khoja Shia Ithna-Asheri Muslim Community (Jaaferi) Limited ('Jaaferi'), the wholly owned subsidiary of the charitable company.

RISK MANAGEMENT

The Trustees keep under regular review the major risks to which the charity is exposed, to ensure that steps are taken to mitigate those risks as far as possible.

Objectives and activities

POLICIES AND OBJECTIVES

The principal objective of the charity is the advancement, preservation and welfare of Islam in accordance with the doctrines of the Shia Ithna-Asheri Jafari faith. In particular this is achieved through the provision of religious and secular education and nursery facilities. Jaaferi, the wholly owned subsidiary of the charitable company, manages letting of residential property which is held by the charity as investment property. The charity also holds investment property which is let to commercial tenants.

The Trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary guidance on the advancement of Education for the benefit of the public.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

Achievements and performance

The charity is affiliated to our main charity, namely Khoja Shia Ithna-Asheri Muslim Community of Birmingham. The Education facilities include:-

Muhammed Madrasah

- Teaching of Islamic Ethics, Law, Recitation of Quran and History
- Prior to July 2021 the average number of children from primary to secondary was 260. In the new academic year from September 2021 onwards the average was 360.

Muhammed Nursery

- 36 children average
- all staff have appropriate early years qualifications certified

ME School of Excellence and Examination Centre

- 65 pupils – attendance continued to be impacted as a result of the Covid-19 pandemic and low take-up of our excellent service continued in 2021 as parents/pupils remain fearful of venturing outside their comfort zone.

The school provides the following education facilities:

- at primary level - Reception Year 1 (Phonics), Year 2 (SAT), Year 3 to 5 (11+ Grammar Test), Year 6 (SATS/School tests)
- at secondary - English, Mathematics and all three Sciences from Year 7 to 11 - examinations through EdExcel, AQA and OCR with controlled Science Experiments.

In addition to the education activities the charity rents out a number of commercial properties within the vicinity in order to generate additional funds to advance the charity's objectives.

Financial review

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved and signed on behalf of the board of trustees by:



Mr H Hudda
Trustee

Date:

4th March 2022

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Year ended 31 December 2021

Opinion

We have audited the financial statements of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED *(continued)*

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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.

Opinions 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- 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 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED *(continued)*

Year ended 31 December 2021

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED *(continued)*

Year ended 31 December 2021

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows: - the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; - we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the rental properties and education sector; - we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, Corporation Tax Act 2010, Data Protection Act 2018, Housing Act 2004, Education Act 2002; - we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and - identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by: - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations. To address the risk of fraud through management bias and override of controls, we: - performed analytical procedures to identify any unusual or unexpected relationships; - tested journal entries to identify unusual transactions; - assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; - investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to: - agreeing financial statement disclosures to underlying supporting documentation; - reading the minutes of meetings of those charged with governance; - enquiring of management as to actual and potential litigation and claims; - reviewing correspondence with HMRC and the Companies House.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED *(continued)*

Year ended 31 December 2021

with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report to the Members of KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED *(continued)*

Year ended 31 December 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Abdul Virji (Senior Statutory Auditor)

For and on behalf of
Fairman Davis
Chartered accountants & statutory auditor
6 Exhibition House
Addison Bridge Place
London
W14 8XP

Date: 04/03/2022

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2021

		2021		2020
		Unrestricted funds	Total funds	Total funds
	Note	£	£	£
Income and endowments				
Charitable activities	5	189,074	189,074	183,179
Investment income	6	192,998	192,998	177,567
Other income	7	55,327	55,327	25,009
Total income		<u>437,399</u>	<u>437,399</u>	<u>385,755</u>
Expenditure				
Expenditure on charitable activities	8,9	281,403	281,403	230,472
Total expenditure		<u>281,403</u>	<u>281,403</u>	<u>230,472</u>
Net income and net movement in funds		<u>155,996</u>	<u>155,996</u>	<u>155,283</u>
Reconciliation of funds				
Total funds brought forward		1,585,855	1,585,855	1,430,572
Total funds carried forward		<u>1,741,851</u>	<u>1,741,851</u>	<u>1,585,855</u>

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 13 to 23 form part of these financial statements.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

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Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	14	34,398	6,940
Investments	15	3,533,239	3,533,239
		<u>3,567,637</u>	<u>3,540,179</u>
Current assets			
Debtors	16	178,887	40,150
Investments	17	1	1
Cash at bank and in hand		222,991	209,304
		<u>401,879</u>	<u>249,455</u>
Creditors: amounts falling due within one year	18	205,830	224,146
Net current assets		<u>196,049</u>	<u>25,309</u>
Total assets less current liabilities		3,763,686	3,565,488
Creditors: amounts falling due after more than one year	19	2,021,835	1,979,633
Net assets		<u>1,741,851</u>	<u>1,585,855</u>
Funds of the charity			
Unrestricted funds		1,741,851	1,585,855
Total charity funds	21	<u>1,741,851</u>	<u>1,585,855</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue, and are signed on behalf of the board by:



Mr H Hudda
Trustee

Date: 4th March 2022

The notes on pages 13 to 23 form part of these financial statements.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 17 Clifton Road, Balsall Heath, B12 8SX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', 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.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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 donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities 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.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	Straight line over 4 years
Equipment	-	Straight line over 5 years
Computer	-	Straight line over 4 years

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in income or expenditure.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

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Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Investments in associates *(continued)*

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Limited by guarantee

The company is limited by guarantee of members and does not have a share capital. The liability of members is limited to £1

5. Charitable activities

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Secular Education Fees	46,280	46,280	48,921	48,921
Madressa Fees	28,574	28,574	19,301	19,301
Nursery Fees	114,220	114,220	114,957	114,957
	<u>189,074</u>	<u>189,074</u>	<u>183,179</u>	<u>183,179</u>

6. Investment income

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Rental Income from properties	192,998	192,998	177,567	177,567

7. Other income

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Miscellaneous Income	19	19	9	9
Covid grant	7,500	7,500	25,000	25,000
Donations received	47,808	47,808	—	—
	<u>55,327</u>	<u>55,327</u>	<u>25,009</u>	<u>25,009</u>

8. Expenditure on charitable activities by fund type

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Secular Education	29,733	29,733	12,743	12,743
Madressa	17,213	17,213	772	772
Nursery	88,273	88,273	89,730	89,730
Support costs	146,184	146,184	127,227	127,227
	<u>281,403</u>	<u>281,403</u>	<u>230,472</u>	<u>230,472</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 December 2021

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
Secular Education	29,733	15,688	45,421	31,604
Madressa	17,213	12,117	29,330	9,476
Nursery	88,273	46,357	134,630	137,196
Investment Property	—	72,022	72,022	52,196
	<u>135,219</u>	<u>146,184</u>	<u>281,403</u>	<u>230,472</u>

10. Analysis of support costs

	Analysis of support costs Secular Education £	Analysis of support costs Madressa £	Analysis of support costs Nursery £	Analysis of support costs Investment Property £	Total 2021 £	Total 2020 £
Premises	5	219	640	41,584	42,448	23,692
General office	1,182	499	913	1,260	3,854	6,092
Finance costs	4,837	2,987	11,961	20,175	39,960	44,626
Insurance	—	—	766	—	766	751
SZ premises costs	5,593	5,995	24,005	—	35,593	37,149
Legal and professional Auditor remuneration	447	276	1,104	1,863	3,690	5,375
Bank charges	341	210	842	1,420	2,813	2,813
Depreciation	39	97	190	167	493	499
Operating Lease	1,332	823	5,583	5,557	13,295	3,107
Promotion and marketing	1,205	1,011	353	—	2,569	2,020
	<u>705</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>705</u>	<u>1,105</u>
	<u>15,686</u>	<u>12,117</u>	<u>46,357</u>	<u>72,026</u>	<u>146,186</u>	<u>127,229</u>

11. Net income

Net income is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	13,295	3,108
Operating lease rentals	<u>2,569</u>	<u>2,019</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 December 2021

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021	2020
	£	£
Wages and salaries	97,327	88,654
Employer contributions to pension plans	644	539
	<u>97,971</u>	<u>89,193</u>

The average head count of employees during the year was 12 (2020: 13). The average number of full-time equivalent employees during the year is analysed as follows:

	2021	2020
	No.	No.
Number of staff	<u>12</u>	<u>13</u>

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

13. Trustee remuneration and expenses

During the year, no trustees received any remuneration, benefits in kind or reimbursement of expenses (2020 - £NIL).

14. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Computer £	Total £
Cost				
At 1 January 2021	33,497	46,493	—	79,990
Additions	36,578	—	4,175	40,753
At 31 December 2021	<u>70,075</u>	<u>46,493</u>	<u>4,175</u>	<u>120,743</u>
Depreciation				
At 1 January 2021	31,138	41,912	—	73,050
Charge for the year	9,963	2,288	1,044	13,295
At 31 December 2021	<u>41,101</u>	<u>44,200</u>	<u>1,044</u>	<u>86,345</u>
Carrying amount				
At 31 December 2021	<u>28,974</u>	<u>2,293</u>	<u>3,131</u>	<u>34,398</u>
At 31 December 2020	<u>2,359</u>	<u>4,581</u>	<u>—</u>	<u>6,940</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Investments

	Investment properties £
Cost or valuation	
At 1 January 2021 and 31 December 2021	<u>3,533,239</u>
Impairment	
At 1 January 2021 and 31 December 2021	
Carrying amount	
At 31 December 2021	<u>3,533,239</u>
At 31 December 2020	<u>3,533,239</u>

All investments shown above are held at valuation.

Investment properties

A new valuation was not undertaken during the year.

16. Debtors

	2021 £	2020 £
Trade debtors	6,065	7,731
Amounts owed by group undertakings	30,822	31,172
Prepayments and accrued income	142,000	1,247
	<u>178,887</u>	<u>40,150</u>

17. Investments

	2021 £	2020 £
Investments in group undertakings	<u>1</u>	<u>1</u>

18. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	122,757	122,757
Payments received on account	4,455	4,455
Trade creditors	1,361	4,894
Amounts owed to group undertakings	72,123	81,693
Accruals and deferred income	3,363	8,430
Social security and other taxes	1,771	1,917
	<u>205,830</u>	<u>224,146</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

19. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	1,189,835	1,272,633
Amounts owed to group undertakings	832,000	707,000
	<u>2,021,835</u>	<u>1,979,633</u>

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £644 (2020: £539).

21. Analysis of charitable funds

Unrestricted funds

	At 1 Jan 2021 £	Income £	Expenditure £	At 31 Dec 2021 £
General funds	<u>1,585,855</u>	<u>437,399</u>	<u>(281,403)</u>	<u>1,741,851</u>

	At 1 Jan 2020 £	Income £	Expenditure £	At 31 Dec 2020 £
General funds	<u>1,430,572</u>	<u>385,755</u>	<u>(230,472)</u>	<u>1,585,855</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

22. Analysis of net assets between funds

	Unrestricted Funds	Total Funds
	£	£
Tangible fixed assets	34,398	34,398
Investments	3,533,239	3,533,239
Current assets	401,879	401,879
Creditors less than 1 year	(205,830)	(205,830)
Creditors greater than 1 year	(2,021,835)	(2,021,835)
Net assets	1,741,851	1,741,851

	Unrestricted Funds	Total Funds
	£	£
Tangible fixed assets	6,940	6,940
Investments	3,533,239	3,533,239
Current assets	249,455	249,455
Creditors less than 1 year	(224,146)	(224,146)
Creditors greater than 1 year	(1,979,633)	(1,979,633)
Net assets	1,585,855	1,585,855