

Charity registration number 1122264

Company registration number 06391353 (England and Wales)

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	M Khoja T Jivraj I Ramji H Hudda M A Railey F Bandali S Hassam I Janmohamed
Secretary	I Ramji
Charity number	1122264
Company number	06391353
Registered office	17 Clifton Road Balsall Heath Birmingham B12 8SX
Auditor	Deitch Cooper LLP 3 Hobbs House Harrobian Business Village Bessborough Road Harrow Middlesex HA1 3EX

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

CONTENTS

	Page
Trustees' report	1 - 3
Independent auditor's report	4 - 6
Statement of financial activities	7
Statement of financial position	8
Notes to the financial statements	9 - 20

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

The principal object of the Charity 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 religion education facilities.

The Charity provides a range of community activities including classes, seminars and a day nursery.

The wholly owned subsidiary of the Charity manages letting of various residential properties held by the Charity as investment property. The Charity also holds additional investment properties which are let to commercial tenants.

The Trustees have paid due regard to guidance issued by the Charity Commission, including its supplementary public benefit guidance on the advancement of religion, in deciding what activities the Charity should undertake.

Achievements and performance

During the year the Charity provided the following educational facilities and activities:

Muhammadi Madrasah

- Teaching of Islamic Ethics, Law, Recitation of Quran and History
- Average number of participating children from primary to secondary ages was 450
- Activities included MMY Camp, Milad un Nabi Science Day and Mahe Ramadhan Activities.

Muhammadi Nursery

- 30 children average during the year
- all staff have appropriate early years qualifications certified

ME School of Excellence and Examination Centre

- 73 pupils average during the year
- Exam portfolio has grown during the year
- 80% of students passed their 11 plus exams.
- All GCSE students gained over grade 4 including several level 9 passes in English and Chemistry.

The courses on offer at Primary level cover Reception, Year 1 (Phonics), Year 2 (SATS), Year 3, Year 4, Year 5 (11+ Grammar School Test), Year 6 (SATS/School Tests) and Guided Reading. MES continue to lead the field in 11+ tutoring. ME has continued to meet the goals set by the Education Board and Jamaat members, being to provide a quality educational service at a low cost for members of the Jamaat and the wider Community.

In addition to the above, the charity let its investment properties to raise funds for the furtherance of charitable activities.

Financial review

The results for the year are shown on the Statement of Financial Activities and in the notes to the financial statements. The gross receipts of the Charity were £447,286 (2021: £437,399). Income from investment properties has increased compared to last year whilst income from charitable activities has remained consistent with last year. During the year, the value of investment properties increased by £667,326. An overall net surplus for the year of £712,935 was achieved (2021: £155,996). Unrestricted funds of £2,454,786 (2021: £1,741,851) have been carried forward to forthcoming years. The Charity held no restricted funds or endowment funds during the year.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to approximately three month's expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The 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.

Structure, governance and management

The Charity is a charitable company limited by guarantee. The Charity was set up and is constituted by a Memorandum of Association dated 5 October 2007.

The Charity is affiliated to the Khoja Shia Ithna-Asheri Muslim Community of Birmingham.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

M Khoja	(Appointed 27 March 2022)
T Jivraj	(Appointed 27 March 2022)
I Ramji	
H Hudda	
M A Railey	
F Bandali	(Appointed 27 March 2022)
S Hassam	(Appointed 27 March 2022)
I Janmohamed	(Appointed 27 March 2022)
R Alidina	(Resigned 27 March 2022)
S Fazal	(Resigned 27 March 2022)
S H Zaidi	(Resigned 27 March 2022)
G A R Datto	(Resigned 27 March 2022)
M R Sachedina	(Resigned 27 March 2022)

The Trustees are appointed in accordance with the Articles of Association at the Annual General Meeting, or by the Trustees should a vacancy arise during 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.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

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 residential investment properties is undertaken by Khoja Shia Ithna-Asheri Muslim Community (Jaafery) Limited ("Jaafery"), the wholly owned subsidiary of the charitable company.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Trustees' responsibilities

The Trustees, who are also the directors of Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited for the purpose 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the 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.

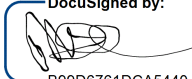
Auditor

In accordance with the company's articles, a resolution proposing that Deitch Cooper LLP be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

DocuSigned by:

B99D6761DCA5440...
M Khoja
Trustee

30 May 2023

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Opinion

We have audited the financial statements of Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited (the 'Charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within 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 directors' report included within 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 Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purpose 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur, by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this, we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of journals.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates including those that relate generally to the operating aspects of the business. There are many laws and regulations, relating principally to the operating aspects of the company, that typically do not affect the financial statements and as such are not captured by the entity's information systems relevant to financial reporting. It is the responsibility of management to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations. The auditor is not responsible for preventing non-compliance and we cannot be expected to detect non-compliance with all laws and regulations. Representations were obtained from the board of directors that there is no identified or suspected non-compliance with any laws and regulations.

Our audit procedures focused on laws and regulations that are generally recognised to have a material effect on the financial statements or a direct effect on the determination of material amounts and disclosures, including the Charities (Accounts and Reports) Regulations 2008 and the Charities Act 2011. We considered the risk of acts by the company that may be contrary to these laws and regulations, including fraud. We assessed the extent of compliance with the laws and regulations identified through making enquiries of management and inspecting documentation and the audit team remained alert to instances of non-compliance with laws and regulations throughout the audit. Any unusual findings were investigated.

As in all of our audits, we also addressed the risk of management override of internal controls including testing and evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We completed a review of transactions and journals taken from throughout the period. We did not identify any key audit matters relating to irregularities, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mohamedkazim Bhaloo (Senior Statutory Auditor)
for and on behalf of Deitch Cooper LLP

30 May 2023

Accountants
Statutory Auditor

3 Hobbs House
Harrovia Business Village
Bessborough Road
Harrow
Middlesex
HA1 3EX

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted funds 2022 £	Unrestricted funds 2021 £
	Notes		
<u>Income and endowments from:</u>			
Donations and legacies	3	8,523	55,308
Charitable activities	4	181,960	189,074
Investments	5	255,705	192,998
Other income	6	1,098	19
Total income		447,286	437,399
<u>Expenditure on:</u>			
Cost of raising funds	7	214,747	72,026
Charitable activities	8	186,930	209,377
Total expenditure		401,677	281,403
Revaluation of investment properties	12	667,326	-
Net income for the year/ Net movement in funds		712,935	155,996
Fund balances at 1 January 2022		1,741,851	1,585,855
Fund balances at 31 December 2022		2,454,786	1,741,851

The statement of financial activities includes all gains and losses recognised in the year.

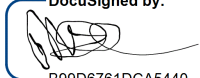
All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	14	21,990		34,398	
Investment property	15	5,642,189		3,533,239	
Investments	16	1		1	
		<u>5,664,180</u>		<u>3,567,638</u>	
Current assets					
Debtors	17	43,313		178,887	
Cash at bank and in hand		375,202		222,991	
		<u>418,515</u>		<u>401,878</u>	
Creditors: amounts falling due within one year	19	<u>(124,909)</u>		<u>(205,830)</u>	
Net current assets		293,606		196,048	
Total assets less current liabilities		5,957,786		3,763,686	
Creditors: amounts falling due after more than one year	20	(3,503,000)		(2,021,835)	
Net assets		<u>2,454,786</u>		<u>1,741,851</u>	
Income funds					
Unrestricted funds		2,454,786		1,741,851	
		<u>2,454,786</u>		<u>1,741,851</u>	

The financial statements were approved by the Trustees on 30 May 2023

DocuSigned by:

 B99D6761DCA5440...
M Khoja
Trustee

Company registration number 06391353

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 17 Clifton Road, Balsall Heath, Birmingham, B12 8SX.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The Charity is a Public Benefit Entity as defined by FRS 102.

The Charity has taken advantage of the provisions in the Charities SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements are separate company financial statements of the Charity and not of its group. The Charity is part of a wider group and consolidated financial statements are prepared which include the Charity and its group.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% Straight line
Equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Investment properties rented to another group entity are accounted for using the cost model. Other investment properties are subsequently measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income and expenditure account.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the Charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates include the valuation of tangible assets and investment properties. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	8,523	47,808
Coronavirus exceptional support grants	-	7,500
	<u>8,523</u>	<u>55,308</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Charitable activities

	Secular Education	Madressa Fees	Nursery Fees	Total 2022	Secular Education	Madressa Fees	Nursery Fees	Total 2021
	2022	2022	2022		2021	2021	2021	
	£	£	£	£	£	£	£	£
Income from charitable activities	43,264	30,191	108,505	181,960	46,280	28,574	114,220	189,074

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Rental income	255,705	192,998

6 Other income

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Other income	1,098	19

7 Cost of raising funds

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Investment property costs		
Share of governance costs	775	1,420
Property management agents	9,970	-
Depreciation and impairment	5,561	5,557
Support costs	198,441	65,049
	<u>214,747</u>	<u>72,026</u>
Investment property costs	214,747	72,026
	<u>214,747</u>	<u>72,026</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Charitable activities

	Secular Education 2022 £	Madressa 2022 £	Nursery 2022 £	Total 2022 £	Secular Education 2021 £	Madressa 2021 £	Nursery 2021 £	Total 2021 £
Staff costs	16,653	-	85,925	102,578	13,970	-	84,001	97,971
Depreciation and impairment	1,332	823	5,583	7,738	1,332	823	5,583	7,738
Activities undertaken directly	5,940	36,397	4,466	46,803	15,761	17,213	4,272	37,246
	<u>23,925</u>	<u>37,220</u>	<u>95,974</u>	<u>157,119</u>	<u>31,063</u>	<u>18,036</u>	<u>93,856</u>	<u>142,955</u>
Share of support costs (see note 9)	8,513	3,259	15,714	27,486	14,013	11,084	39,932	65,029
Share of governance costs (see note 9)	775	775	775	2,325	341	210	842	1,393
	<u>33,213</u>	<u>41,254</u>	<u>112,463</u>	<u>186,930</u>	<u>45,417</u>	<u>29,330</u>	<u>134,630</u>	<u>209,377</u>

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Operating lease charges	3,112	-	3,112	2,569	-	2,569
Premises	52,425	-	52,425	42,448	-	42,448
General office costs	3,852	-	3,852	3,854	-	3,854
Finance costs	133,808	-	133,808	39,960	-	39,960
Insurance	5,586	-	5,586	766	-	766
SZ premises costs	3,888	-	3,888	35,593	-	35,593
Legal and professional	8,707	-	8,707	3,690	-	3,690
Bank charges	13,631	-	13,631	493	-	493
Promotion and marketing	918	-	918	705	-	705
Audit fees	-	3,100	3,100	-	2,813	2,813
	<u>225,927</u>	<u>3,100</u>	<u>229,027</u>	<u>130,078</u>	<u>2,813</u>	<u>132,891</u>
Analysed between						
Fundraising	198,441	775	199,216	65,049	1,420	66,469
Charitable activities	27,486	2,325	29,811	65,029	1,393	66,422
	<u>225,927</u>	<u>3,100</u>	<u>229,027</u>	<u>130,078</u>	<u>2,813</u>	<u>132,891</u>

10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

11 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	12	12
	<u>12</u>	<u>12</u>
Employment costs	2022 £	2021 £
Wages and salaries	102,096	97,327
Other pension costs	482	644
	<u>102,578</u>	<u>97,971</u>

There were no employees whose annual remuneration was more than £60,000.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Net gains/(losses) on investments

	Unrestricted funds	Total
	2022	2021
	£	£
Revaluation of investment properties	667,326	-

13 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

14 Tangible fixed assets

	Fixtures and fittings	Equipment	Total
	£	£	£
Cost			
At 1 January 2022	70,075	50,668	120,743
Additions	891	-	891
At 31 December 2022	70,966	50,668	121,634
Depreciation and impairment			
At 1 January 2022	41,101	45,244	86,345
Depreciation charged in the year	9,963	3,336	13,299
At 31 December 2022	51,064	48,580	99,644
Carrying amount			
At 31 December 2022	19,902	2,088	21,990
At 31 December 2021	28,974	5,424	34,398

15 Investment property

	2022
	£
Fair value	
At 1 January 2022	3,533,239
Additions through external acquisition	1,441,624
Net gains or losses through fair value adjustments	667,326
At 31 December 2022	5,642,189

Investment properties rented to another group entity have been accounted for using the cost model. Other investment properties are carried at fair value. The fair value of the revalued investment property has been arrived at by the Trustees from reviewing market evidence, from sources not connected with the charity, and recent transactions and events.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Fixed asset investments

		Other investments
Cost or valuation		
At 1 January 2022 & 31 December 2022		1
Carrying amount		
At 31 December 2022		1
At 31 December 2021		1

	Notes	2022 £	2021 £
Other investments comprise:			
Investments in subsidiaries	23	1	1

17 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	14,391	6,065
Amounts owed by fellow group undertakings	27,822	30,822
Prepayments and accrued income	1,100	142,000
	43,313	178,887

18 Loans and overdrafts

	2022 £	2021 £
Bank loans	2,750,000	1,312,592
Payable within one year	-	122,757
Payable after one year	2,750,000	1,189,835

The long-term bank loan represents an interest-only mortgage relating to certain investment properties, repayable other than by instalments. A market rate of interest is charged until the loan is repaid.

Bank loans are secured by way of charges over investment properties owned by the group.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	18	-	122,757
Other taxation and social security		502	1,771
Trade creditors		4,522	1,361
Amount owed to parent undertaking		80,679	72,123
Other creditors		28,205	4,455
Accruals and deferred income		11,001	3,363
		<u>124,909</u>	<u>205,830</u>

20 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	18	2,750,000	1,189,835
Amount owed to parent undertaking		753,000	832,000
		<u>3,503,000</u>	<u>2,021,835</u>

21 Retirement benefit schemes

Defined contribution schemes

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £482 (2021: £644).

22 Related party transactions

During the year, short-term interest-free bridging loans for the purchase of an investment property were received from Trustees totalling £80,000, which were subsequently repaid during the year. No amounts were due to or from Trustees at the reporting end date (2021: £nil).

The company has taken advantage of the exemption available under FRS102 whereby it has not disclosed transactions with the ultimate parent undertaking or any wholly owned subsidiary undertaking of the group.

KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY (BAQUIR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Subsidiaries

These financial statements are separate company financial statements of the Charity and not of its group.

Separate company financial statements of the Charity are required to be prepared by law. The Charity is exempt by virtue of the Companies Act 2006 from the requirement to prepare group accounts. Separate consolidated financial statements which include the Charity and its subsidiaries are prepared and publicly available.

Details of the Charity's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Khoja Shia Ithna-Asheri Community (Jaaferi) Limited	United Kingdom	Property rental business	Ordinary	100.00	

24 Ultimate controlling party

The ultimate controlling party is the Khoja Shia Ithna-Asheri Muslim Community of Birmingham (UK registered charity no. 1170675), whose principal place of business is 17 Clifton Road, Balsall Heath, Birmingham, B12 8SX. The Khoja Shia Ithna-Asheri Muslim Community of Birmingham prepares publicly available group accounts in which the Charity is consolidated.