

Company Number: 09982930

Charity Number: 1166025

Issa Foundation

Trustees' Report and Accounts

Financial Statements

31 December 2022

CONTENTS

	Page
Charity information	1
Trustees' Report (Including Directors' Report and Strategic Report)	2 - 7
Independent auditors report to the Members	8 – 10
Statement of financial activities (Including Income and Expenditure Account)	11
Balance sheet	12
Cash flow statement	13
Notes to the financial statements	14 - 24

ISSA FOUNDATION

CHARITY INFORMATION

Trustees	M Issa Z Issa
Company Secretary	J Patel
Registered office	Waterside Head Office Haslingden Road Blackburn BB1 2FA
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP
Company registration number	09982930
Charity registration number	1166025

ISSA FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their report and the audited financial statements of the charity for the year ended 31 December 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 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.

Structure, governance and management

Issa Foundation is a registered charity in UK number 1166025 and is constituted under a trust deed dated 14th March 2016. The charity was founded by brothers Zuber Issa and Mohsin Issa. The charity also has a voluntary sub-committee and a secretary who play a vital role in advising the Trustees on various projects. The Trustees and the sub-committee meet every quarter and the Trustees make decisions based upon recommendations from sub-committee. The sub-committee consists of individuals with numerous skills and abilities, ranging from construction, health care and previous charity experience.

The members of the volunteer sub-committee are: Ilyas Rehmani; Muhammad Sadiq Patel; Siraj Ahmed Patel; Zubair Desai; Irfan Ali; Harun Patel and Mohamed Valli.

Trustees of the charity and key management personnel

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees who have served during the year and since the year end are set out on page 1.

The charity considers its key management personnel comprise the two Trustees, who make decisions regarding the awarding and payment of grants to projects, and the voluntary advisory subcommittee.

New Trustees are appointed by the existing Trustees and serve for 5 years after which time they may put themselves forward for re-appointment. No remuneration is paid to the Trustees or sub-committee members. Trustees are recommended to disclose all relevant interests and register them with the sub-committee.

Risk review

Major risks identified within the organisation are banking, fraud and issues relating to extremism activities. To mitigate the identified risks Issa Foundation have increased security measures and implemented additional due diligence checks from the beginning to the end of every project.

We are working with established charitable organisations with on-ground presence in the selected areas of operation, which may expose Issa Foundation to financial risks. We have procedures in place to eliminate these financial risks as highlighted below.



Talha Scholarship Programme - Malawi

ISSA FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

- Comprehensive vetting of all charitable organisations.
- Organisations to which grants are awarded must be a government registered charity in their respective country.
- Face to face meetings held with all charitable organisations who are awarded grants, this is usually done via online web conferencing and visits to relevant countries.
- References obtained from work/projects carried out with other charitable organisations.
- Field visits by either Trustees or sub-committee members for charitable projects.

Objectives, activities and public benefit

The purpose of the charity is the advancement of education, health and employment of people in need, in particularly disadvantaged communities. By supporting projects that address these issues, the activity may also promote other identifiable projects from time to time as determined by the Trustees.

In 2022, the charity had spent over £7.81M (2021: £7.93M) supporting projects in the following categories:-

Category	Spent (£)
Education	306,895
Food	6,398,109
Health	91,735
Housing	648,000
Orphanage	154,597
Social	140,555
Water	80,000
	<u>7,819,891</u>

Our strategy involves on ground humanitarian support, providing food, water, medical assistance, and shelter. This is then improved and then developed to form a way of life and routine, leading towards freedom from dependence on others.

We are dedicated in providing support to orphans, widows and less fortunate regardless of race, culture or religion.



Food Aid Distribution in Assam, India

ISSA FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

Grant making policy

Proposals are invited from registered charitable organisations undertaking humanitarian projects to support communities, in particularly disadvantaged groups. Requests received are reviewed by the sub-committee who then advise the Trustees of the merits of each project and give advice on the level of funding to be provided.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

Social investment policy

The Trustees assess grant applications on a case-by-case basis with the assistance of the sub-committee. In some cases, the Trustees may identify organisations whose work is in line with the charity's objectives but who have the ability to raise their own funds in the mid-to-long term. In these circumstances they may determine that the most appropriate form of support would be a concessionary loan which is repayable on demand.

Strategic report

Achievements and performance

The Trustees of Issa Foundation would like to thank the sub-committee for their invaluable contribution to the charity.

Our projects in the year have been in India, Malawi and UK.

We maintain our support in funding for the most vulnerable in India and Malawi through our healthcare, livelihood projects, education, shelter and food programmes, with the aid of our partners and by the leadership, zeal, inspiration and dedication of our Trustees and sub-committee members.

Issa Foundation is proud to be supporting The Maone Vocational Training Centre (MVTC) which offers students apprenticeship in key construction skills, carpentry, joinery, bricklaying and plumbing. The objective of this programme is to equip young men and women with the technical and vocational skills and knowledge to promote self-reliance and break the cycle of poverty.

The Trustees of Issa Foundation would like to thank all partners and volunteers for their support.



Students from Orphanage in Bhelowguri, Assam, India

ISSA FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial review

The charity's main source of income is voluntary donations and interest received on unexpended donations. Donations received during the year amounted to £4,007,100 (2021: £4,840). The balance held within the bank account has resulted in interest generated during the year of £5,778 (2021: £5,879), which has been transferred to a separate restricted interest fund as can be seen in note 14 to the accounts.

Grants totalling £7,819,891 (2021: £6,666,697) have been awarded to projects. Details of these projects can be found in note 6 to the accounts.

Issa Foundation has been predominantly funded by the Trustees of the Foundation, and the related Gift Aid claims on their donations, for the purpose of meeting the charity's aims and objectives.

The current reserves are to be assigned to charitable projects as and when they have been identified, vetted and approved.

Reserves policy

Unrestricted funds

Lillah

Lillah comprises the gift aid recovered on Zakat donations. The Lillah fund balance at 31 December 2022 of £8,643,114 (2021: £8,122,788) will be applied to future awards and operating costs of the charity. The Lillah fund includes fixed assets of £14,118,326.

Zakat

Donations collected on annual religious grounds from able Muslims to help the poor. The Zakat fund balance at 31 December 2022 of £8,501,086 (2021: £12,841,382) will be applied to future awards.

Interest

Funds generated from interest received on the amounts held within the charity bank account and the bank accounts of individual Muslims. The interest fund balance at 31 December 2022 of £253,297 (2021: £358,266) will be applied to future awards under the guidance of religious ruling.

The level of funds is reviewed before grant commitments are made to ensure that the balance of these funds is always sufficient to cover current and proposed grant commitments and ongoing administration costs. The Trustees are concerned to maximise the benefit to disadvantaged communities of their grant making policy.

All unrestricted reserves are to be used on future charitable projects.

Fundraising standards information

The charity does not raise funds from the general public.

Plans for future periods

The principal objective of Issa Foundation is **housing, advancement of education, health, empowering those in need, in particular disadvantaged individuals and communities**, by supporting projects that address these issues.

The charity will continually identify projects from time to time as determined by our partners, trustees and volunteers.

ISSA FOUNDATION

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

Auditor

MHA Moore and Smalley are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Trustees' responsibilities

The Trustees (who are also the directors of Issa Foundation for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic 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 period, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the 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 2019 (FRS102).
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Gift of Sight Project, Malawi

ISSA FOUNDATION

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

This report was approved by the Trustees on ...27/07/2023.....



.....
Z Issa
Trustee

ISSA FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISSA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Issa Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 trustees 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.

ISSA FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISSA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 6-7, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on those laws and regulations that have had a direct effect on the financial statements;

ISSA FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISSA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

- Discussions with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Auditing the risk of fraud in revenue by way of cut off testing and confirming completeness of donations received during the accounting period;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the Charity's operations, the key laws and regulations we considered to have a material impact on the financial statements include Companies Act and Charities Act. In addition, we consider compliance with employee legislation, as fundamental to the charitable company's operations.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

Use of our report

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



Paul Williams (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley, Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

Date 27/07/2023

ISSA FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
	Note				
Income and endowments from:					
Donations and legacies	2	4,007,100	-	4,007,100	4,840
Investments	3	5,778	-	5,778	5,879
Total income and endowments		4,012,878	-	4,012,878	10,719
Expenditure on:					
Charitable activities	4	7,937,817	-	7,937,817	6,730,966
Total expenditure		7,937,817	-	7,937,817	6,730,966
Net movement in funds		(3,924,939)	-	(3,924,939)	(6,720,247)
Reconciliation of funds					
Total funds brought forward (restated)		21,322,436	-	21,322,436	28,042,683
Total funds carried forward		17,397,497	-	17,397,497	21,322,436

All income and expenditure derives from continuing activities.

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

The notes on pages 14 to 24 form part of these financial statements.

ISSA FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £ <i>Restated</i>
Fixed assets:					
Tangible fixed assets	10	14,118,326	-	14,118,326	5,419,692
Current assets:					
Debtors	11	69,983	-	69,983	3,060
Current asset investments	12	525,000	-	525,000	525,000
Cash at bank and in hand		2,785,520	-	2,785,520	15,378,842
		3,380,503	-	3,380,503	15,906,902
Liabilities:					
Creditors: amounts falling due within one year	13	101,332	-	101,332	4,158
Net current assets		3,279,171	-	3,279,171	15,902,744
Total assets less current liabilities		17,397,497	-	17,397,497	21,322,436
Net assets		17,397,497	-	17,397,497	21,322,436
Charity funds:					
Unrestricted funds	14	17,397,497	-	17,397,497	21,322,436
Restricted funds	14	-	-	-	-
		17,397,497	-	17,397,497	21,322,436

These financial statements were approved and authorised for issue by the Board of Trustees on 27/07/2023.....and signed on its behalf by:



Z Issa
Trustee

Company registration number: 09982930

The notes on pages 14 to 24 form part of these financial statements.

ISSA FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Total funds 2022 £	Total funds 2021 £
Cash flows from operating activities:			
<i>Net cash generated from operating activities</i>	1	(3,900,466)	(6,726,222)
Cash flows from investing activities:			
Dividends and interest from investments		5,778	5,879
Payments to acquire tangible fixed assets		(8,698,634)	(2,685,223)
<i>Net cash generated from investing activities</i>		(8,692,856)	(2,679,344)
<i>Net cash provided by (used in) investing activities</i>		-	-
<i>Change in cash and cash equivalents in the reporting period</i>		(12,593,322)	(9,405,566)
Cash and cash equivalents at the start of the reporting period		15,378,842	24,784,408
Cash and cash equivalents at the end of the reporting period	2	2,785,520	15,378,842
1 Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2022 £	2021 £
<i>Net income for the reporting period</i>		(3,924,939)	(6,720,247)
Adjustments for:			
Interest receivable		(5,778)	(5,879)
(Increase) / decrease in debtors		(66,923)	-
Increase / (decrease) in creditors		97,174	(96)
<i>Net cash generated from operating activities</i>		(3,900,466)	(6,726,222)
2 Analysis of cash and cash equivalents			
		2022 £	2021 £
Current account		2,785,520	15,378,842
		2,785,520	15,378,842

ISSA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Basis of preparation

Issa Foundation is a company limited by guarantee (registered in England and Wales) and does not have share capital. The liability of the members is limited and is not to exceed £1 per member. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are detailed in the Trustees Report on pages 2 to 7.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

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

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Investment income is earned through holding assets for investment purposes such as cash. It includes bank interest. Interest income is recognised using the effective interest method.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

ISSA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Expenditure on charitable activities includes grants paid and associated support costs of running the charity.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

Tangible Fixed Assets

Assets in the course of construction & investment properties are not depreciated.

Investments

Social investments are programme related investments being a concessionary loan issued to a charity beneficiary. Concessionary loans include those receivable from a third party which are interest free and are made to advance charitable purposes. All loans are measured at cost, less impairment.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Funds

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

There have been no significant judgements (apart from those involving estimates) made in the process of preparing the financial statements.

There have been no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Donations	4,007,100	-	4,007,100
	4,007,100	-	4,007,100
	<i>Unrestricted funds £ Restated</i>	<i>Restricted funds £ Restated</i>	<i>Total funds 2021 £ Restated</i>
<i>Donations</i>	<i>4,840</i>	<i>-</i>	<i>4,840</i>
	<i>4,840</i>	<i>-</i>	<i>4,840</i>

3 Income from investments

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Bank interest	5,778	-	5,778
	5,778	-	5,778
	<i>Unrestricted funds £ Restated</i>	<i>Restricted funds £ Restated</i>	<i>Total funds 2021 £ Restated</i>
<i>Bank interest</i>	<i>5,879</i>	<i>-</i>	<i>5,879</i>
	<i>5,879</i>	<i>-</i>	<i>5,879</i>

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Analysis of expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Grants expenditure (note 6):			
Grants payable	7,819,891	-	7,819,891
Grant related support costs:			
Governance and support costs (note 5)	117,926	-	117,926
	7,937,817	-	7,937,817
	<i>Unrestricted funds £ Restated</i>	<i>Restricted funds £ Restated</i>	<i>Total funds 2021 £ Restated</i>
Grants expenditure (note 6):			
Grants payable	6,666,697	-	6,666,697
Grant related support costs:			
Governance and support costs (note 5)	64,269	-	64,269
	6,730,966	-	6,730,966

5 Allocation of support costs

	Governance £	Support £	2022 £	Basis of apportionment
Subscriptions	-	615	615	Support cost
Insurance	-	3,435	3,435	Support cost
Electricity	-	5,730	5,730	Support cost
Gas	-	443	443	Support cost
Bank Charges	-	(300)	(300)	Support cost
Wages and salaries	-	56,814	56,814	Time spent
Sundry expenses	-	40	40	Support cost
Rates	-	18,049	18,049	Support cost
Security	-	27,459	27,459	Support cost
Audit fees	5,280	-	5,280	Governance cost
Other fees payable to the auditor	348	-	348	Governance cost
Professional fees	13	-	13	Governance cost
	5,641	112,285	117,926	

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Allocation of support costs (continued)

	£	£	£	apportionment
<i>Subscriptions</i>	-	572	572	Support cost
<i>Insurance</i>	-	2,396	2,396	Support cost
<i>Electricity</i>	-	3,730	3,730	Support cost
<i>Bank charges</i>	-	(350)	(350)	Support cost
<i>Wages and salaries</i>	-	53,398	53,398	Time spent
<i>Sundry expenses</i>	-	40	40	Support cost
<i>Audit fees</i>	4,180	-	4,180	Governance cost
Other fees payable to the auditor	290	-	290	Governance cost
<i>Professional fees</i>	13	-	13	Governance cost
	<u>4,483</u>	<u>59,786</u>	<u>64,269</u>	

6 Analysis of grants

The charity undertakes its charitable activities through grant making and awarded grants to a number of organisations in furtherance of its charitable activities.

	2022 £	2021 £
Balance payable brought forward	-	-
Previously awarded grants released	-	-
New grants awarded in the period	<u>7,819,891</u>	<u>6,666,697</u>
Net grant cost in the period (note 4)	<u>7,819,891</u>	<u>6,666,697</u>
	7,819,891	6,666,697
Grants paid in the period	<u>(7,819,891)</u>	<u>(6,666,697)</u>
Balance payable carried forward	<u>-</u>	<u>-</u>

During the year grants were made as detailed below:

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Analysis of grants (continued)

Analysis by category

	2022 £	2021 £
Education	306,895	434,474
Food	6,398,109	3,695,149
Health	91,735	293,130
Housing	648,000	1,018,592
Orphanage	154,597	108,292
Social	140,555	862,317
Water	80,000	254,743
	7,819,891	6,666,697

Analysis by institution

	2022 £
Ajmal Foundation	2,626,574
Lokhandwala General Hospital	7,014
Blackburn Markaz	41,134
Education India Public Trust	2,193,397
International Humanitarian Relief	96,000
Malawi Relief Fund UK	2,136,350
Munshi Trust	668,338
Valan Hospital	36,061
Welcare Hospital	15,023
	7,819,891

7 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £4,080 (2021: £3,465) excluding VAT and fees in relation to assistance with charity tax affairs of £320 (2021: £290) excluding VAT.

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Trustees' and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during the period.

There were no employee benefits received by key management personnel during the period. The charity considers its key management personnel comprise the two Trustees who make all decisions regarding the awarding and payment of grants to projects and the voluntary advisory subcommittee.

The Trustees did not have any expenses reimbursed during the period.

9 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the period was as follows:

	2022 Number	2021 Number
Charitable activities	3	3
	3	3

The total staff costs and employee benefits were as follows:

	2022 £	2021 £
Wages and salaries	55,000	51,360
Social security	201	519
Defined contribution pension costs	1,613	1,519
	56,814	53,398

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets

	Investment Property	Assets under construction £	Total £
Cost			
<i>At 1 January 2022</i>	-	5,419,692	5,419,692
Additions	5,560,752	3,137,882	8,698,634
At 31 December 2022	5,560,752	8,557,574	14,118,326
Depreciation			
<i>At 1 January 2022</i>	-	-	-
Charge for the year	-	-	-
At 31 December 2022	-	-	-
Net book value			
At 31 December 2022	5,560,752	8,557,574	14,118,326
<i>At 31 December 2021</i>	-	5,419,692	5,419,692

11 Debtors

	2022 £	2021 £
Prepayments	69,983	3,060
	69,983	3,060

12 Current asset investments

	2022 £	2021 £
Programme related investments	525,000	525,000
	525,000	525,000

Programme related investments are concessionary loans made to a charity beneficiary. These are interest free loans repayable on demand.

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	96,052	-
Accruals and deferred income	5,280	4,158
	101,332	4,158

14 Fund reconciliation

	Balance at 31 December 2021 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2022 £
Unrestricted funds:					
Lillah	8,122,788	801,000	(280,674)	-	8,643,114
Zakat	12,841,382	3,206,100	(7,546,396)	-	8,501,086
Interest	358,266	5,778	(110,747)	-	253,297
Total unrestricted funds	21,322,436	4,012,878	(7,937,817)	-	17,397,497
Restricted funds	-	-	-	-	-
Total funds	21,322,436	4,012,878	(7,937,817)	-	17,397,497

Unrestricted funds

Lillah

Lillah comprises the gift aid recovered on Zakat donations. The religious restrictions placed on the use of Zakat donations for the original donor do not apply to the related gift aid income.

Zakat

Donations collected on annual religious grounds from able Muslims to help the poor. No administrative expenses or other operating expenses are paid for by this fund.

Interest

Funds generated from interest received on the amounts held within the charity bank account and the bank accounts of individual Muslims, these funds are discharged under the guidance of religious ruling.

All funds may be applied for any purpose which falls under the primary objects and activities of the charity.

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Fund reconciliation (continued)

	<i>Balance at 31 December 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>Balance at 31 December 2021 £</i>
	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>
Unrestricted funds:					
<i>Lillah</i>	8,496,819	1,502	(375,533)	-	8,122,788
<i>Zakat</i>	19,043,304	3,340	(6,205,262)	-	12,841,382
<i>Interest</i>	502,560	5,877	(150,171)	-	358,266
<i>Total unrestricted funds</i>	28,042,683	10,719	(6,730,966)	-	21,322,436
Restricted funds	-	-	-	-	-
Total funds	28,042,683	10,719	(6,730,966)	-	21,322,436

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2022 £
Fixed assets	14,118,326	-	14,118,326
Cash at bank and in hand	2,785,520	-	2,785,520
Other current assets/liabilities	493,651	-	493,651
	17,397,497	-	17,397,497
	-	-	-
	Unrestricted funds £	Restricted funds £	Total 2021 £
	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>
<i>Fixed assets</i>	5,419,692	-	5,419,692
<i>Cash at bank and in hand</i>	15,378,842	-	15,378,842
<i>Other current assets/liabilities</i>	523,902	-	523,902
	21,322,436	-	21,322,436

ISSA FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Related party transactions

Mr Z Issa and Mr M Issa were both Trustees of the charity throughout the period. During the period Mr Z Issa and Mr M Issa both made charitable donations to the charity.

The total of the charitable donations made by the Trustees was £4,003,100, with a further £4,000 from a close family member of the Trustees.

Income of £3,200,000 was received as a result of the UBS UK Donor-Advised Fund recovering Gift Aid of £800,000 on these donations.

During the year the charity was recharged costs relating to capital expenditure of £2,163,541 (2021: £1,424,760) by Monte Developments Limited, a company in which Mr M Issa and Mr Z Issa are directors and ultimate owners.

17 Prior year restatement

In the current financial year the Charity has reassessed the identification of restricted and unrestricted funds. Although the Zakat and Interest funds are separately identifiable from the Lillah fund on religious grounds by the donor, there are no restrictions applied to the perspective of the Charity. On this basis, the funds which were previously shown as restricted funds in the financial statements have been restated to show as unrestricted funds. Total funds remain unaffected by this change in the prior period and the opening position for that year.

The impact of the prior year adjustment on the comparative period and the opening position of that year is as follows:

	At 31 December 2021		
	As previously reported £	Adjustment £	As restated £
Charity funds:			
Unrestricted funds	8,122,788	13,199,648	21,322,436
Restricted funds	13,199,648	(13,199,648)	-
Concessionary loans payable			
	21,322,436	-	21,322,436
	At 1 January 2021		
	As previously reported £	Adjustment £	As restated £
Charity funds:			
Unrestricted funds	8,496,819	19,545,864	28,042,683
Restricted funds	19,545,864	(19,545,864)	-
Concessionary loans payable			
	28,042,683	-	28,042,683