

Khatam Alnabaeen Limited

Charity No. 1168024

Company No. 08404576

Trustees' Report and Unaudited Accounts

28 February 2021

	Pages
Trustees' Annual Report	2 to 4
Independent Examiner's Report	5
Statement of Financial Activities	6
Summary Income and Expenditure Account	7
Balance Sheet	8
Statement of Cash flows	9
Notes to the Accounts	10 to 17

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the unaudited financial statements of the charity for the year ended 28 February 2021.

#### REFERENCE AND ADMINISTRATIVE DETAILS

Company No. 08404576

Charity No. 1168024

Principal Office

Unit 6

Wellesly Court

Apsley Way

London

NW2 7HF

Registered Office

Suite G1

Harstbourne House

Delta Gain

Watford

WD19 5EF

Directors and Trustees

The Directors of the charitable company are its Trustees for the purposes of charity law.

The following Directors and Trustees served during the year:

S.F. Hosseini-Milani

M.E. Mesbahi

S.E. Shahrestani

Accountants

Sabat Accountants Ltd t/a Seymour King

Suite G1

Hartsbourne House

Delta Gain

Watford

WD19 5EF

#### OBJECTIVES AND ACTIVITIES

The purpose of the charity is promotion of racial and religious harmony through education. In shaping our objectives and activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The activities undertaken by the charity to promote its objectives and aims are stated below.

Significant activities

Due to Covid-19 All of our activities were conducted online using Skype and Zoom

- 1- We ran a course on Theology (in Arabic) for ladies whose mother tongue was Arabic. This course took place on Mondays and Tuesdays for a period of 20 weeks, and was taught by S M Rabbani
- 2- A course on Advanced level of Islamic Jurisprudence started on Monday 21st March 2020 and continued running every Monday and Wednesday between 1:30PM and 3PM. The course ended on the 4th of December 2020.
- 3- Monthly group discussion for the Family Affair's Committee on the first Sunday of each month in partnership with Imam Ali Foundation. Dr Milani's role in such gatherings was focused on the spiritual and social elements needed for families to build up a strong bond between them.
- 4- Running a summer course for Islam and Christianity that took place from the 22nd August till 28th August 2020. Eight Muslim students and similar number of Christian students (some to be ordained as priests) attended this course for a whole week.
- 5- An in-depth Theology course was arranged virtually over five consecutive Tuesdays in May/June 2020. The course took place between the hours of 11AM and 1PM.

#### ACHIEVEMENTS AND PERFORMANCE

The charity is publishing two more books on Islamic Law: The first being about (Islamic Commercial Law) which was published later in May 2021. The second book (Islamic Juridical System) which is going to be published soon.

During the holy month of Ramadhan, which is from 26th April 2020 until 24th May 2020, virtual meetings were held for two hours per day where approximately 200 people attended and followed the online lecture, counselling and supplications.

#### FINANCIAL REVIEW

During the year under review the charity received unrestricted income of £108,759 (2020: £101,382) and restricted income of £69,705 (2020: £30,234) and had an expenditure of £123,064 (2020: £84,632) and £Nil (2020: £59,345) for unrestricted and restricted expenditure respectively. At the balance sheet date the charity held restricted and unrestricted funds of £622,761 (2020: £567,361).

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 between three and six months running costs. 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. Based on this policy the reserves to be held are between £21,000 and £42,000. At the end of the year, the charity had unrestricted reserve fund of £480,693 and restricted reserve fund (not available for general purpose) of £142,068.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a company limited by guarantee and is controlled by its Memorandum and Articles of Association dated 15 February 2013 as amended by special resolution dated 19 February 2016 and 27 June 2016.

The charity may appoint any person who is willing to become a director/trustee.

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

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out in Part 15 of the Companies Act 2006 and in accordance with the Charities SORP (FRS 102).

Signed on behalf of the board

S.F. Hosseini-Milani  
Trustee  
12 July 2021

Independent Examiner's Report to the trustees of Khatam Alnabaeen Limited

I report to the charity trustees on my examination of the accounts of Khatam Alnabaeen Limited for the year ended 28 February 2021 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act).

Having satisfied myself that the accounts of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I can confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that:

- accounting records were not kept in accordance with section 386 of the 2006 Act ; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements under section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Sajjad B Tejani  
FCCA  
Sabat Accountants Ltd t/a Seymour King  
Suite G1  
Hartsbourne House  
Delta Gain  
Watford  
WD19 5EF  
12 July 2021

Khatam Alnabaeen Limited  
Statement of Financial Activities  
for the year ended 28 February 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
	Notes				
Income and endowments from:					
Donations and legacies	4	78,033	69,705	147,738	131,626
Investments	5	10	-	10	-
Other	6	30,716	-	30,716	-
Total		108,759	69,705	178,464	131,626
Expenditure on:					
Charitable activities	7	39,147	-	39,147	61,345
Other	8	83,917	-	83,917	83,445
Total		123,064	-	123,064	144,790
Net gains on investments		-	-	-	-
Net income/(expenditure)	9	(14,305)	69,705	55,400	(13,164)
Transfers between funds		-	-	-	-
Net income/(expenditure) before other gains/(losses)		(14,305)	69,705	55,400	(13,164)
Other gains and losses					
Net movement in funds		(14,305)	69,705	55,400	(13,164)
Reconciliation of funds:					
Total funds brought forward		494,998	72,363	567,361	580,525
Total funds carried forward		480,693	142,068	622,761	567,361

Khatam Alnabaeen Limited  
Summary Income and Expenditure Account  
for the year ended 28 February 2021

	2021 £	2020 £
Income	178,454	131,626
Interest and investment income	10	-
Gross income for the year	<u>178,464</u>	<u>131,626</u>
Expenditure	108,425	132,619
Depreciation and charges for impairment of fixed assets	14,639	12,171
Total expenditure for the year	<u>123,064</u>	<u>144,790</u>
Net income/(expenditure) before tax for the year	55,400	(13,164)
Net income /(expenditure )for the year	<u><u>55,400</u></u>	<u><u>(13,164)</u></u>



Khatam Alnabaeen Limited

Balance Sheet

at 28 February 2021

Company No. 08404576	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	12	660,421	674,405
		<u>660,421</u>	<u>674,405</u>
Current assets			
Debtors	13	9,877	4,723
Cash at bank and in hand		83,255	30,583
		<u>93,132</u>	<u>35,306</u>
Creditors: Amount falling due within one year	14	(2,292)	(8,350)
Net current assets		<u>90,840</u>	<u>26,956</u>
Total assets less current liabilities		751,261	701,361
Creditors: Amounts falling due after more than one year	15	(128,500)	(134,000)
Net assets excluding pension asset or liability		<u>622,761</u>	<u>567,361</u>
Total net assets		<u><u>622,761</u></u>	<u><u>567,361</u></u>
The funds of the charity			
Restricted funds	16		
Restricted income funds		142,068	72,363
		<u>142,068</u>	<u>72,363</u>
Unrestricted funds	16		
General funds		480,693	494,998
		<u>480,693</u>	<u>494,998</u>
Reserves	16		
Total funds		<u><u>622,761</u></u>	<u><u>567,361</u></u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

For the year ended 28 February 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the board on 12 July 2021

And signed on its behalf by:

S.F. Hosseini-Milani

Trustee

12 July 2021

Khatam Alnabaeen Limited  
Statement of Cash flows  
for the year ended 28 February 2021

	2021 £	2020 £
Cash flows from operating activities		
Net income/(expenditure) per Statement of Financial Activities	55,400	(12,351)
Adjustments for:		
Depreciation of property, plant and equipment	14,639	12,171
Dividends, interest, rents from investments and government grant	(30,726)	-
Increase in trade and other receivables	(5,154)	(1,406)
(Decrease)/Increase in trade and other payables	(6,058)	2,261
Net cash provided by operating activities	<u>28,101</u>	<u>675</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(655)	(27,743)
Dividends, interest, rents from investments and government grant	30,726	-
Net cash from/(used in) investing activities	<u>30,071</u>	<u>(27,743)</u>
Cash flows from financing activities		
Repayment of borrowings	(5,500)	(43,000)
Net cash used in financing activities	<u>(5,500)</u>	<u>(43,000)</u>
Net increase/(decrease) in cash and cash equivalents	52,672	(70,068)
Cash and cash equivalents at the beginning of the year	30,583	101,464
Cash and cash equivalents at the end of the year	<u>83,255</u>	<u>31,396</u>
Components of cash and cash equivalents		
Cash and bank balances	83,255	30,583
	<u>83,255</u>	<u>30,583</u>

## 1 Accounting policies

## Basis of preparation

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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Change in basis of accounting or to previous accounts

There has been no change to the accounting policies (valuation rules and method of accounting) since last year and no changes have been made to accounts for previous years.

## Fund accounting

Unrestricted funds	These are available for use at the discretion of the trustees in furtherance of the general objects of the charity.
Designated funds	These are unrestricted funds earmarked by the trustees for particular purposes.
Revaluation funds	These are unrestricted funds which include a revaluation reserve representing the restatement of investment assets at their market values.
Restricted funds	These are available for use subject to restrictions imposed by the donor or through terms of an appeal.

## Income

Recognition of income	Income is included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to, and virtually certain to receive, the income and the amount of the income can be measured with sufficient reliability.
-----------------------	---

Income with related expenditure	Where income has related expenditure the income and related expenditure is reported gross in the SoFA.
---------------------------------	--

Donations and legacies	Voluntary income received by way of grants, donations and gifts is included in the the SoFA when receivable and only when the Charity has unconditional entitlement to the income.
------------------------	--

Tax reclaims on donations and gifts	Income from tax reclaims is included in the SoFA at the same time as the gift/donation to which it relates.
-------------------------------------	---

Donated services and facilities	These are only included in income (with an equivalent amount in expenditure) where the benefit to the Charity is reasonably quantifiable, measurable and material.
---------------------------------	--

Volunteer help	The value of any volunteer help received is not included in the accounts.
----------------	---

Investment income	This is included in the accounts when receivable.
-------------------	---

Gains/(losses) on revaluation of fixed assets	This includes any gain or loss resulting from revaluing investments to market value at the end of the year.
---	---

Gains/(losses) on investment assets	This includes any gain or loss on the sale of investments.
-------------------------------------	--

#### Expenditure

Recognition of expenditure	Expenditure is recognised on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.
Expenditure on raising funds	These comprise the costs associated with attracting voluntary income, fundraising trading costs and investment management costs.
Expenditure on charitable activities	These comprise the costs incurred by the Charity in the delivery of its activities and services in the furtherance of its objects, including the making of grants and governance costs.
Grants payable	All grant expenditure is accounted for on an actual paid basis plus an accrual for grants that have been approved by the trustees at the end of the year but not yet paid.
Governance costs	These include those costs associated with meeting the constitutional and statutory requirements of the Charity, including any audit/independent examination fees, costs linked to the strategic management of the Charity, together with a share of other administration costs.
Other expenditure	These are support costs not allocated to a particular activity.

#### Taxation

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

#### Tangible fixed assets and depreciation

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

Freehold property	2%% on cost
Fixture, fittings & equipment	20%% on cost

#### Trade and other debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

#### Trade and other creditors

Short term creditors are measured at the transaction price. Other creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Foreign currencies

Monetary assets and liabilities denominated in currencies other than the functional currency of the charity are translated at the rates of exchange prevailing at the end of the reporting period.

Transactions in currencies other than the functional currency of the charity are recorded at the rate of exchange on the date that the transaction occurred.

All exchange differences are taken into account in arriving at net income/expenditure.

#### Pension costs

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### Receipt of donated goods, facilities and services

All donated goods, facilities and services received are recognised within incoming resources and expenditure at an estimate of the value to the charity.

## 2 Company status

The company is a private company limited by guarantee and consequently does not have share capital.

## 3 Statement of Financial Activities - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income and endowments from:			
Donations and legacies	101,382	30,244	131,626
Total	101,382	30,244	131,626
Expenditure on:			
Charitable activities	2,000	59,345	61,345
Other	83,445	-	83,445
Total	85,445	59,345	144,790
Net income	15,937	(29,101)	(13,164)
Net income before other gains/(losses)	15,937	(29,101)	(13,164)
Other gains and losses:			
Net movement in funds	15,937	(29,101)	(13,164)
Reconciliation of funds:			
Total funds brought forward	479,061	101,464	580,525
Total funds carried forward	494,998	72,363	567,361

4 Income from donations and legacies

	Unrestricted	Restricted	Total 2021	Total 2020
	£	£	£	£
General donation	78,033	-	78,033	101,382
Khums - Sehme Imam and Sehme Sadaat	-	455	455	-
Sadaqah	-	5	5	24
Khums - Sehme Imam	-	2,579	2,579	10
Education	-	66,666	66,666	30,200
Khums - Sehme Sadaat	-	-	-	10
	<u>78,033</u>	<u>69,705</u>	<u>147,738</u>	<u>131,626</u>

5 Income from investments

	Unrestricted	Total 2021	Total 2020
	£	£	£
Interest income	10	10	-
	<u>10</u>	<u>10</u>	<u>-</u>

6 Other income

	Unrestricted	Total 2021	Total 2020
	£	£	£
Government grant	30,716	30,716	-
	<u>30,716</u>	<u>30,716</u>	<u>-</u>

7 Expenditure on charitable activities

	Unrestricted	Total 2021	Total 2020
	£	£	£
<i>Expenditure on charitable activities</i>			
Education	39,147	39,147	59,345
General donation	-	-	2,000
<i>Governance costs</i>			
	<u>39,147</u>	<u>39,147</u>	<u>61,345</u>

8 Other expenditure

	Unrestricted	Total 2021	Total 2020
	£	£	£
Employee costs	42,941	42,941	57,861
Premises costs	6,834	6,834	8,779
Amortisation, depreciation, impairment, profit/loss on disposal of fixed assets	14,639	14,639	12,171
General administrative costs	17,703	17,703	2,834
Legal and professional costs	1,800	1,800	1,800
	<u>83,917</u>	<u>83,917</u>	<u>83,445</u>

9 Net income/(expenditure) before transfers

	2021	2020
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	14,639	12,171
Independent Examiner's fee	1,800	1,800

10 Trustee remuneration and expenses

	2021 Number	2020 Number
The nature of the reimbursed expenses	There was no trustees' remuneration or other benefits for the year ended 29 February 2020 nor for the year ended 28 February 2019.	

11 Staff costs

Salaries and wages	41,780	55,660
Social security costs	281	1,068
Pension costs	880	1,133
	<u>42,941</u>	<u>57,861</u>

No employee received emoluments in excess of £60,000.

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

	2021 Number	2020 Number
Administration	<u>2</u>	<u>3</u>
	<u>2</u>	<u>3</u>

12 Tangible fixed assets

	Land and buildings £	Fixture, fittings & equipment £	Total £
Cost or revaluation			
At 1 March 2020	686,332	26,951	713,283
Additions	-	655	655
At 28 February 2021	<u>686,332</u>	<u>27,606</u>	<u>713,938</u>
Depreciation and impairment			
At 1 March 2020	34,938	3,940	38,878
Depreciation charge for the year	9,227	5,412	14,639
At 28 February 2021	<u>44,165</u>	<u>9,352</u>	<u>53,517</u>
Net book values			
At 28 February 2021	<u>642,167</u>	<u>18,254</u>	<u>660,421</u>
At 29 February 2020	<u>651,394</u>	<u>23,011</u>	<u>674,405</u>

13 Debtors

	2021 £	2020 £
Other debtors	8,995	3,904
Prepayments and accrued income	<u>882</u>	<u>819</u>
	<u>9,877</u>	<u>4,723</u>

14 Creditors:

amounts falling due within one year

	2021 £	2020 £
Trade creditors	70	1,365
Other taxes and social security	-	1,195
Other creditors	171	3,990
Accruals and deferred income	<u>2,051</u>	<u>1,800</u>
	<u>2,292</u>	<u>8,350</u>

15 Creditors:

amounts falling due after more than one year

	2021 £	2020 £
Other loans	<u>128,500</u>	<u>134,000</u>
	<u>128,500</u>	<u>134,000</u>



16 Movement in funds

	At 1 March 2020	Incoming resources (including other gains/losses) £	Resources expended £	At 28 February 2021 £
Restricted funds:				
Restricted income funds:				
Khums - Sehme Imam and Sehme Sadaat	4,297	455	-	4,752
Sadaqah	1,527	5	-	1,532
Khums - Sehme Imam	2,914	2,579	-	5,493
Education	61,854	66,666	-	128,520
Khums - Sehme Sadaat	1,771	-	-	1,771
<i>Total</i>	<u>72,363</u>	<u>69,705</u>	<u>-</u>	<u>142,068</u>
Unrestricted funds:				
General funds	494,998	108,759	(123,064)	480,693
Revaluation Reserves:				
<b>Total funds</b>	<u><u>567,361</u></u>	<u><u>178,464</u></u>	<u><u>(123,064)</u></u>	<u><u>622,761</u></u>

Purposes and restrictions in relation to the funds:

Restricted funds:

Khums - Sehme Imam and

Sehme Sadaat

Sadaqah

Khums - Sehme Imam

Education

Khums - Sehme Sadaat

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	660,421	-	660,421
Net current assets	7,585	83,255	90,840
Creditors due in more than one year and provisions	(128,500)	-	(128,500)
	<u><u>539,506</u></u>	<u><u>83,255</u></u>	<u><u>622,761</u></u>

## 18 Reconciliation of net debt

	At 1 March 2020 £	Cash flows £	At 28 February 2021 £
Cash and cash equivalents	30,583	52,672	83,255
	<u>30,583</u>	<u>52,672</u>	<u>83,255</u>
Borrowings	(134,000)	5,500	(128,500)
	<u>(134,000)</u>	<u>5,500</u>	<u>(128,500)</u>
Net debt	<u>(103,417)</u>	<u>58,172</u>	<u>(45,245)</u>

## 19 Commitments

*Operating lease commitments*

Annual commitments under non-cancellable operating leases are as follows:

	2021 Land and buildings £	2021 Other £	2020 Land and buildings £	2020 Other £
--	------------------------------------	--------------------	------------------------------------	--------------------

Operating leases with expiry date:

*Pension commitments*

	2021 £	2020 £
The pension cost charge to the company amounted to:	<u>880</u>	<u>1,133</u>

## 20 Post balance sheet events

The Covid-19 pandemic occurred during the year and continues subsequent to the company's year end. The directors have carefully considered the likely effect of the Covid-19 pandemic on the future performance of the company and consider that it is likely to have an adverse impact on this. However, the directors consider that the company has sufficient resources to enable it to remain in business for the foreseeable future.

## 21 Related party disclosures

*Controlling party*

The company is limited by guarantee and has no share capital; thus no single party controls the company.