

KSIMC of Birmingham
Consolidated Financial Statements
31 December 2021

FAIRMAN DAVIS

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

KSIMC of Birmingham

Financial Statements

Year ended 31 December 2021

	Page
Trustees' annual report	1
Independent auditor's report to the members	5
Consolidated statement of financial activities	8
Consolidated statement of financial position	9
Charity only statement of financial position	10
Consolidated statement of cash flows	11
Notes to the financial statements	12

KSIMC of Birmingham

Trustees' Annual Report

Year ended 31 December 2021

The trustees present their report and the financial statements of the charity for the year ended 31 December 2021.

Reference and administrative details

Registered charity name KSIMC of Birmingham

Charity registration number 1170675

Principal office 17 Clifton Road
Balsall Heath
Birmingham
B12 8SX

The trustees Mr G Datoo
Mr M Sachedina
Mrs I Ramji
Mr H Bandali
Mr H Hudda
Mr M Railey
Mr M Kassamali
Mrs F Damji
Dr R Alidina
Mr T Bhanji
Mr S Fazal
Mr S Zaidi

Auditor Fairman Davis
Chartered accountants & statutory auditors
6 Exhibition House
Addison Bridge Place
London
W14 8XP

KSIMC of Birmingham

Trustees' Annual Report *(continued)*

Year ended 31 December 2021

Structure, governance and management

The principal objective of the charity is to promote Islam and further the teachings of Islam per the Holy Qur'an in accordance with the Shia Jaa'fery faith. The charity has various committees operating under the main body of the Executive Committee. Additional objectives of the charity are to arrange religious functions as per the Islamic calendar, provision of secular education, meeting social and welfare needs of its members and establish capital projects to provide for the above stated objectives.

It is the responsibility of the charity is to establish high quality programmes and activities through its various subcommittees which promote Islamic values and social responsibility. The charity reaches out to the wider community to promote understanding of its role and partakes in various charitable activities jointly with partner organisations.

In fulfilling its objectives and assisting in planning for the various activities, the Executive Committee has given due consideration to the guidance provided by the Charity Commission in relation to public benefit and in particular to its supplementary Public Benefit Guidance on the advancement of Religion.

Strategies

We want to make our Mosque an accessible and welcoming venue where all members, or those who wish to know more about our faith, can gather together to learn about religion and worship. The Mosque is open for daily prayers, the Friday prayers being a focus of our activities.

We share the teachings of Islam and the nature of our faith with non-Muslims by participating in various inter-faith forums.

An important part of our faith is charitable giving in accordance with the Islam tenets, and we are pleased to receive funds from members for the purpose of the relief of need and financial hardship of Muslims in the UK, and overseas who have insufficient money to cover their basic needs for shelter, food, clothing, education or who are destitute with no means of support.

An important part of our strategy is community welfare and education. We provide a range of community activities including classes, health initiatives and seminars in order to achieve this.

Use of Volunteers

Volunteers are an important resource in both our faith and community work. Volunteers are involved in most of our faith and community activities. All our trustees also give of their time freely. We encourage all members of our Centre to be involved in voluntary activities and to share their skills with others. All those volunteers working with projects involving children or other vulnerable groups are CRB checked.

Grant Making Policy

Our members give generously to appeals arising from natural calamities affecting various countries around the world. The charity has a close relationship with The World Federation of Khoja Shia Ithna-Asheri Muslim Communities, a UK registered charity number 282303, and is member of COEJ (Council of European Jamaat, a UK registered charity number 1096111). KSIMC of Birmingham channels donations and contributions to worthwhile causes throughout the world through these two international bodies.

Achievements and performance

During 2021 the organisation's main activities were predominantly virtual. As a result the main halls were used for Covid Vaccinations, with the Centre being the first mosque in the UK to become a Vaccination Centre. This resulted in significant media coverage. Sheikh Nuru Mohammed, the resident Imam, actively encouraged the vaccination program and worked with local authorities and local faith groups to reach out to Black, ethnic and minority groups. He worked tirelessly to dispel myths and fake news about the vaccines and encourage uptake of the vaccine within these groups. Journalists from the BBC, Sky, and from news agencies around the world (including the Japanese media) clamoured to

KSIMC of Birmingham

Trustees' Annual Report *(continued)*

Year ended 31 December 2021

get interviews with Sheikh and to film the activities of the vaccine centre in situ. The Mayor of the West Midlands also visited the centre in the first week of the vaccine drive and was impressed by the set up and applauded KSIMC of Birmingham for its role in being part of the efforts to combat the COVID pandemic.

As COVID rates of infection reduced, with input from the Al Tabeeb Taskforce (a group of medical professionals providing guidance to the Trustees and the Community), it was decided to slowly resume some of the activities, beginning with the Congregational Prayers. A range of activities had to be carried out to ensure the Programmes were Covid safe. This included floor markings for social distancing, an attendee registration system, and recruitment and training of Covid Marshalls.

In order to expand the available space for the upcoming programs it was decided to purchase a marquee. This 50 foot by 60 foot structure that has been erected on site provided much needed space to accommodate socially distanced programs.

During the months of Muharram and Safar the organisation catered for a much larger audience, with further recruitment of over 100 volunteers as Covid Marshalls. Outside seating was also catered for during the busy nights.

AIC Capital Project

The Ghusal Kafan building was completed in March 2021, with the virtual opening ceremony being aired on 15th Shabaaan 1442 AH. Work began on creating a transition facility to host the Programmes during the main Phase of the Project. Following consideration of a number of options, a steel structure was found to be cost effective and a relatively simple process to construct. Planning permission for the structure was obtained for 4 years, the building was ordered, and preparatory works began in the autumn. Delivery of the structure was delayed due to worldwide covid related supply factors and truck driver shortages but was finally received at the start of December. The construction started in earnest at that point and is due to be completed by the end of February 2022. Many of the items from the main halls are planned to be reused in the transition building to keep costs down as much as possible. The resulting halls which measure 20 meters by 15 meters each will ensure a comfortable facility for all during the main AIC construction phase which is due to commence in earnest in the spring of 2022.

Financial review

The perpetual nature of the charity's existence means that it will never cease to exist and therefore reserves are carried forward at the end of each financial year. The Trustees aim to maintain unrestricted reserves at a level which equate to approximately three months of its unrestricted charitable expenditure. It is the Trustees' view that this level is sufficient to respond to any unexpected level of expenditure as well as finance other recurring expenditure and governance costs. Unrestricted Funds at 31st December 2021 stood at £9,797,782 (2020 £9,647,452). Restricted Funds at 31st December 2021 stood at £1,858,727 (2020 £1,946,219).

The Trustees and Executive Committee, as well as members of subcommittees, are neither remunerated or paid any expenses. The restricted funds all relate to items where the donors have specified its intended use or recipient. Where deficits occur these are carried forward to the following year.

Risk Management

The trustees have assessed the risks the charity faces, the nature of those risks, the likelihood of the risks happening and the measures taken to manage them. The trustees review the risks at their meetings and are satisfied that systems are in place to manage any risks that may be identified. In particular, adequate insurance cover is in place and the finances of the Mosque are kept under review. Appropriate Criminal Records Bureau (CRB) checks, supported by regularly reviewed policies, are made for all those who work with children or other vulnerable groups within the Charity's activities.

KSIMC of Birmingham

Trustees' Annual Report *(continued)*

Year ended 31 December 2021

Plans for future periods

The charity is rapidly outgrowing its current facilities based on a growth forecast using the census and other data. As has been widely communicated, the Charity is on the verge of commencing the physical phase of the Al-Abbas Building Project. Further details will be published as part of the Building Report.

Trustees' responsibilities statement

The trustees 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).

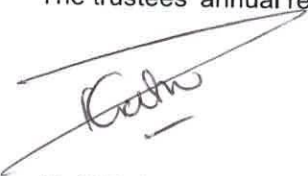
The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. 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.

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


Mr G Datoo
Trustee

Date: 4th March 2022

KSIMC of Birmingham

Independent Auditor's Report to the Members of KSIMC of Birmingham

Year ended 31 December 2021

Opinion

We have audited the financial statements of KSIMC of Birmingham (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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.

KSIMC of Birmingham

Independent Auditor's Report to the Members of KSIMC of Birmingham (continued)

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

KSIMC of Birmingham

Independent Auditor's Report to the Members of KSIMC of Birmingham *(continued)*

Year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [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 charity's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Fairman Davis
Chartered accountants & statutory auditors
6 Exhibition House
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London
W14 8XP

Date: 4th March 2022

KSIMC of Birmingham

Consolidated Statement of Financial Activities

Year ended 31 December 2021

		Unrestricted funds £	2021 Restricted funds £	Total funds £	2020 Total funds £
	Note				
Income and endowments					
Donations and legacies	4	400,643	185,903	586,546	1,496,155
Charitable activities	5	189,074	—	189,074	183,179
Other trading activities	6	54,397	—	54,397	78,964
Investment income	7	288,550	—	288,550	232,598
Total income		<u>932,664</u>	<u>185,903</u>	<u>1,118,567</u>	<u>1,990,896</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	8	22,610	—	22,610	16,954
Expenditure on charitable activities	9,10	979,580	53,538	1,033,117	896,801
Total expenditure		<u>1,002,190</u>	<u>53,538</u>	<u>1,055,727</u>	<u>913,755</u>
Net income		<u>(69,526)</u>	<u>132,365</u>	<u>62,840</u>	<u>1,077,141</u>
Transfers between funds	21	219,858	(219,858)	—	—
Net movement in funds		<u>150,332</u>	<u>(87,493)</u>	<u>62,840</u>	<u>1,077,141</u>
Reconciliation of funds					
Total funds brought forward		9,647,450	1,946,220	11,593,670	10,516,530
Total funds carried forward		<u>9,797,782</u>	<u>1,858,727</u>	<u>11,656,509</u>	<u>11,593,671</u>

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

The notes on pages 12 to 27 form part of these financial statements.

KSIMC of Birmingham

Consolidated Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	15	6,589,502	6,578,365
Investments	16	3,533,239	3,533,239
		<u>10,122,741</u>	<u>10,111,604</u>
Current assets			
Debtors	17	515,540	314,694
Cash at bank and in hand		2,510,859	2,790,300
		<u>3,026,399</u>	<u>3,104,994</u>
Creditors: amounts falling due within one year	18	302,795	350,294
Net current assets		<u>2,723,604</u>	<u>2,754,700</u>
Total assets less current liabilities		<u>12,846,345</u>	<u>12,866,304</u>
Creditors: amounts falling due after more than one year	19	1,189,835	1,272,633
Net assets		<u>11,656,510</u>	<u>11,593,671</u>
Funds of the charity			
Restricted funds		1,858,727	1,946,219
Unrestricted funds		9,797,782	9,647,452
Total charity funds	21	<u>11,656,509</u>	<u>11,593,671</u>

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



Mr G Datoo
Trustee



Mr H Hudda
Trustee

Date: 4th March 2022

Date: 4th March 2022

The notes on pages 12 to 27 form part of these financial statements.

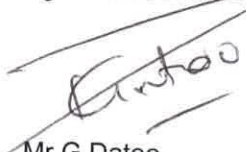
KSIMC of Birmingham

Charity's Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	15	6,544,936	6,562,904
Current assets			
Debtors	17	1,266,362	1,085,122
Cash at bank and in hand		2,286,957	2,579,844
		3,553,319	3,664,966
Creditors: amounts falling due within one year	18	160,493	196,372
Net current assets		3,392,826	3,468,594
Total assets less current liabilities		9,937,762	10,031,498
Net assets		9,937,762	10,031,498
Funds of the charity			
Restricted funds		1,858,727	1,946,219
Unrestricted funds		8,079,035	8,085,279
Total charity funds		9,937,762	10,031,498

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


Mr G Datoo
Trustee


Mr H Hudda
Trustee

Date:

4th March 2022

Date:

4th March 2022

The notes on pages 12 to 27 form part of these financial statements.

KSIMC of Birmingham

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Net income	62,840	1,077,141
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	275,463	258,778
Dividends, interest and rents from investments	(285,840)	(197,358)
Other interest receivable and similar income	(2,710)	(35,240)
Accrued income	(5,791)	(15,737)
<i>Changes in:</i>		
Trade and other debtors	(200,846)	165,895
Trade and other creditors	(41,708)	25,979
Cash generated from operations	(198,592)	1,279,458
Interest received	2,710	35,240
Net cash (used in)/from operating activities	(195,882)	1,314,698
Cash flows from investing activities		
Dividends, interest and rents from investments	285,840	197,358
Purchase of tangible assets	(286,600)	(506,526)
Net cash used in investing activities	(760)	(309,168)
Cash flows from financing activities		
Proceeds from borrowings	(82,798)	(78,138)
Net cash used in financing activities	(82,798)	(78,138)
Net (decrease)/increase in cash and cash equivalents	(279,440)	927,392
Cash and cash equivalents at beginning of year	2,790,300	1,862,910
Cash and cash equivalents at end of year	2,510,860	2,790,302

The notes on pages 12 to 27 form part of these financial statements.

KSIMC of Birmingham

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The charity is a public benefit entity and a charitable incorporated organisation (CIO) registered in England and Wales. The address of the principal office is 17 Clifton Road, Balsall Heath, Birmingham, B12 8SX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

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

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

Going concern

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

Basis of Consolidation

The financial statements consolidate the results of the Charity and its subsidiary undertakings on the basis of control exercised by the Charity over its subsidiary entities. The financial statements are consolidated on a line-by-line basis. The entities consolidated are those as listed in note 1 and 25 of the accounts with further analysis provided in respect to these subsidiaries. Uniform SORP accounting policies have been applied.

Fund accounting

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

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

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

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

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

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

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

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Tangible assets *(continued)*

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

Depreciation

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

Freehold property	-	Straight line over 25 years
Fixtures and fittings	-	Straight line over 4 years
Motor vehicles	-	Straight line over 4 years
Equipment	-	Straight line over 4 years

Investments

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

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

Investment property

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

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

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

Investments in associates

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

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

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

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Investments in joint ventures

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

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

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

Impairment of fixed assets

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

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

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

Financial instruments

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

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

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

Debt instruments are subsequently measured at amortised cost.

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

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

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

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

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

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

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

Defined contribution plans

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

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

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Burial	68,135	—	68,135
Burial donations	20,895	—	20,895
Fitra	—	7,069	7,069
General donations	103,052	—	103,052
Gift Aid	40,120	—	40,120
Hardship funds	33,408	—	33,408
AIC project	—	161,357	161,357
Nyaz	14,362	—	14,362
Seniors	—	270	270
Subscriptions	91,313	—	91,313
Sadka	—	15,852	15,852
Zakat	—	1,355	1,355
COVID 19 Support fund	1,858	—	1,858
Grants			
Grants receivable	27,500	—	27,500
	<u>400,643</u>	<u>185,903</u>	<u>586,546</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Burial	69,369	—	69,369
Burial donations	23,039	—	23,039
Fitra	—	7,179	7,179
General donations	49,015	—	49,015
Gift Aid	42,459	—	42,459
Hardship funds	12,980	—	12,980
AIC project	—	1,133,715	1,133,715
Nyaz	11,027	—	11,027
Seniors	—	14,231	14,231
Subscriptions	86,844	—	86,844
Sadka	—	10,433	10,433
Zakat	—	945	945
COVID 19 Support fund	9,919	—	9,919
Grants			
Grants receivable	25,000	—	25,000
	<u>329,652</u>	<u>1,166,503</u>	<u>1,496,155</u>

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

5. Charitable activities

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

6. Other trading activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Advertising	1,275	1,275	1,440	1,440
Halls & Majlis	10,943	10,943	4,763	4,763
Subcommittee	41,282	41,282	72,186	72,186
Other income	897	897	575	575
	<u>54,397</u>	<u>54,397</u>	<u>78,964</u>	<u>78,964</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Income from investment properties	285,840	285,840	197,358	197,358
Bank interest receivable	2,710	2,710	1,058	1,058
Other investment income	—	—	34,182	34,182
	<u>288,550</u>	<u>288,550</u>	<u>232,598</u>	<u>232,598</u>

8. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Costs of raising donations and legacies	22,610	22,610	16,954	16,954

KSIMC of Birmingham

Notes to the Financial Statements (continued)

Year ended 31 December 2021

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Religious	183,816	51,354	235,170
Education	135,218	—	135,218
Burial scheme	66,209	—	66,209
Support costs	594,337	2,184	596,520
	<u>979,580</u>	<u>53,538</u>	<u>1,033,117</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Religious	114,301	2,000	116,301
Education	103,244	—	103,244
Burial scheme	78,083	—	78,083
Support costs	588,146	11,027	599,173
	<u>883,774</u>	<u>13,027</u>	<u>896,801</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
Religious	235,170	477,628	712,798	618,901
Education	135,218	39,987	175,205	142,512
Burial scheme	66,209	—	66,209	78,083
Investment management	—	78,905	78,905	57,305
	<u>436,597</u>	<u>596,520</u>	<u>1,033,117</u>	<u>896,801</u>

11. Analysis of support costs

	Religious £	Education £	Investment management £	Total 2021 £	Total 2020 £
Staff costs	76,425	—	—	76,425	80,056
Premises	67,618	6,731	42,844	117,193	80,859
Finance costs	4,195	20,112	20,753	45,060	48,558
Insurance	15,126	766	—	15,892	16,952
Legal & professional	8,185	1,827	3,963	13,975	15,608
Depreciation	257,506	7,738	10,219	275,463	258,777
Sub committee	44,072	—	—	44,072	89,924
Auditor fees	4,500	2,813	1,125	8,438	8,438
	<u>477,627</u>	<u>39,987</u>	<u>78,904</u>	<u>596,518</u>	<u>599,172</u>

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Net income

Net income is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	<u>275,463</u>	<u>258,778</u>

13. Staff costs

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

	2021	2020
	£	£
Wages and salaries	197,018	191,687
Social security costs	1,998	2,682
Employer contributions to pension plans	<u>2,380</u>	<u>1,878</u>
	<u>201,396</u>	<u>196,247</u>

The average head count of employees during the year was 18 (2020: 19).

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

14. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees

KSIMC of Birmingham

Notes to the Financial Statements (continued)

Year ended 31 December 2021

15. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Asset under construction £	Total £
Cost						
At 1 Jan 2021	7,322,841	340,933	18,630	46,493	1,420,798	9,149,695
Additions	—	62,567	—	4,175	219,858	286,600
At 31 Dec 2021	<u>7,322,841</u>	<u>403,500</u>	<u>18,630</u>	<u>50,668</u>	<u>1,640,656</u>	<u>9,436,295</u>
Depreciation						
At 1 Jan 2021	2,180,736	330,052	18,630	41,912	—	2,571,330
Charge for the year	252,586	19,545	—	3,332	—	275,463
At 31 Dec 2021	<u>2,433,322</u>	<u>349,597</u>	<u>18,630</u>	<u>45,244</u>	<u>—</u>	<u>2,846,793</u>
Carrying amount						
At 31 Dec 2021	<u>4,889,519</u>	<u>53,903</u>	<u>—</u>	<u>5,424</u>	<u>1,640,656</u>	<u>6,589,502</u>
At 31 Dec 2020	<u>5,142,105</u>	<u>10,881</u>	<u>—</u>	<u>4,581</u>	<u>1,420,798</u>	<u>6,578,365</u>

Tangible fixed assets – Charity only

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Asset under construction £	Total £
Cost					
At 1 January 2021	7,322,841	289,275	18,630	1,420,798	9,051,544
Additions	—	19,680	—	219,858	239,538
At 31 December 2021	<u>7,322,841</u>	<u>308,955</u>	<u>18,630</u>	<u>1,640,656</u>	<u>9,291,082</u>
Depreciation					
At 1 January 2021	2,180,736	289,274	18,630	—	2,488,640
Charge for the year	252,586	4,920	—	—	257,506
At 31 December 2021	<u>2,433,322</u>	<u>294,194</u>	<u>18,630</u>	<u>—</u>	<u>2,746,146</u>
Carrying amount					
At 31 December 2021	<u>4,889,519</u>	<u>14,761</u>	<u>—</u>	<u>1,640,656</u>	<u>6,544,936</u>
At 31 December 2020	<u>5,142,105</u>	<u>1</u>	<u>—</u>	<u>1,420,798</u>	<u>6,562,904</u>

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

16. Investments

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

No valuation of the investment properties was carried out during the year. The trustees consider the figure above to fairly represent the value of the properties. The trustees intend to carry out new valuations in 2022.

17. Debtors

	2021 £	2020 £
Trade debtors	67,113	58,358
Prepayments and accrued income	153,979	11,688
Other debtors	294,448	244,648
	<u>515,540</u>	<u>314,694</u>

Debtors – Charity only

	2021 £	2020 £
Trade debtors	55,789	40,564
Amounts owed by group undertakings	904,146	789,009
Prepayments and accrued income	214,621	238,810
Other debtors	91,806	16,739
	<u>1,266,362</u>	<u>1,085,122</u>

The debtors above include the following amounts falling due after more than one year:

	2021 £	2020 £
Amounts owed by group undertakings	832,000	707,000

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	122,757	122,757
Payments received on account	4,455	4,455
Trade creditors	24,959	34,689
Accruals and deferred income	9,338	15,129
Social security and other taxes	2,183	1,917
Other creditors	139,103	171,347
	<u>302,795</u>	<u>350,294</u>

Creditors: amounts falling due within one year – charity only

	2021	2020
	£	£
Trade creditors	24,765	27,965
Accruals and deferred income	4,500	4,500
Social security and other taxes	413	461
Other creditors	130,815	163,446
	<u>160,493</u>	<u>196,372</u>

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

	2021	2020
	£	£
Bank loans and overdrafts	<u>1,189,835</u>	<u>1,272,633</u>

20. Pensions and other post-retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £2,380 (2020: £1,878).

KSIMC of Birmingham

Notes to the Financial Statements (continued)

Year ended 31 December 2021

21. Analysis of charitable funds

Unrestricted funds

	At 1 Jan 2021	Income	Expenditure	Transfers	At 31 Dec 2021
	£	£	£	£	£
General funds	2,485,826	843,634	(683,395)	—	2,646,065
Equipment fund	17,720	—	—	—	17,720
Burial	581,000	89,030	(66,209)	—	603,821
Building revaluation reserve	3,318,886	—	(165,944)	—	3,152,942
Building fund	3,244,018	—	(86,642)	219,858	3,377,234
	<u>9,647,450</u>	<u>932,664</u>	<u>(1,002,190)</u>	<u>219,858</u>	<u>9,797,782</u>

	At 1 Jan 2020	Income	Expenditure	Transfers	At 31 Dec 2020
	£	£	£	£	£
General funds	2,309,902	731,986	(570,059)	14,000	2,485,829
Equipment fund	17,720	—	—	—	17,720
Burial	566,675	92,407	(78,083)	—	580,999
Building revaluation reserve	3,484,830	—	(165,944)	—	3,318,886
Building fund	2,836,681	—	(86,642)	493,979	3,244,018
	<u>9,215,808</u>	<u>824,393</u>	<u>(900,728)</u>	<u>507,979</u>	<u>9,647,452</u>

Restricted funds

	At 1 Jan 2021	Income	Expenditure	Transfers	At 31 Dec 2021
	£	£	£	£	£
AIC project	1,864,040	161,357	—	(219,858)	1,805,539
Senior Citizen	36,219	270	(2,184)	—	34,305
Fitra	3,681	7,069	(10,750)	—	—
Sadka	39,676	15,852	(38,000)	—	17,528
Zakat	2,604	1,355	(2,604)	—	1,355
	<u>1,946,220</u>	<u>185,903</u>	<u>(53,538)</u>	<u>(219,858)</u>	<u>1,858,727</u>

	At 1 Jan 2020	Income	Expenditure	Transfers	At 31 Dec 2020
	£	£	£	£	£
AIC project	1,224,303	1,133,715	—	(493,979)	1,864,039
Senior Citizen	33,015	14,231	(11,027)	—	36,219
Fitra	10,502	7,179	—	(14,000)	3,681
Sadka	31,243	10,433	(2,000)	—	39,676
Zakat	1,659	945	—	—	2,604
	<u>1,300,722</u>	<u>1,166,503</u>	<u>(13,027)</u>	<u>(507,979)</u>	<u>1,946,219</u>

KSIMC of Birmingham

Notes to the Financial Statements (continued)

Year ended 31 December 2021

22. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Tangible fixed assets	6,589,502	—	6,589,502
Investments	3,533,239	—	3,533,239
Current assets	1,167,672	1,858,727	3,026,399
Creditors less than 1 year	(302,795)	—	(302,795)
Creditors greater than 1 year	(1,189,835)	—	(1,189,835)
Net assets	9,797,783	1,858,727	11,656,510

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	6,578,365	—	6,578,365
Investments	3,533,239	—	3,533,239
Current assets	1,158,775	1,946,219	3,104,994
Creditors less than 1 year	(350,294)	—	(350,294)
Creditors greater than 1 year	(1,272,633)	—	(1,272,633)
Net assets	9,647,452	1,946,219	11,593,671

23. Analysis of changes in net debt

	At 1 Jan 2021 £	Cash flows £	At 31 Dec 2021 £
Cash at bank and in hand	2,790,300	(279,441)	2,510,859
Debt due within one year	(122,757)	—	(122,757)
Debt due after one year	(1,272,633)	82,798	(1,189,835)
	1,394,910	(196,643)	1,198,267

24. Related parties

During the year trustees made donations to the charity totalling £15,023.61 (2020: £12,266.22) comprising membership subscriptions, religious dues and general donations, and were reimbursed £5,340.56 (2020: £7,495.11) for payments made on behalf of the charity.

Mrs S Hudda, who has been employed by the charity since 19th September 2016, is the spouse of Mr H Hudda, who became a trustee on 29th April 2018. Mrs Hudda is paid a salary that is determined by trustees other than Mr Hudda. Mr Hudda does not enter into any discussions relating his wife's salary.

The Charity was approached by Masters UK Limited to provide facilities as a vaccination centre during the covid crisis. The Charity advised Masters UK Limited of the rental fee for the use of the Centre and this was approved by the NHS. The rental income is included in the charity's financial statements. The Chair of the Trustees, Mr Gulamraza Datoo, works with Masters UK Limited and has declared his conflict of interest since starting office. Mr Datoo did not participate in any discussions in this matter.

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

25. Subsidiaries

The charity's subsidiaries, over which it exercises control are as given below. Control is the power to govern the financial and operating policies of the entities so as to obtain benefits from its activities. A summary of the financial performance of the subsidiaries is:

Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited

Company number 06391353, Charity number 1122264, Registered office: same as the parent charity.

Turnover:	£437,399	(2020: £385,755)
Administrative Expenses:	£281,403	(2020: £230,472)
Net Income:	£155,996	(2020: £155,283)
Fixed Assets:	£3,567,637	(2020: £3,540,179)
Current Assets:	£401,879	(2020: £249,455)
Current Liabilities:	-£205,830	(2020: -£224,146)
Long Term Liabilities:	-£2,021,835	(2020: -£1,979,633)
Total Net Assets:	£1,741,851	(2020: £1,585,855)
Total Funds:	£1,741,851	(2020: £1,585,855)

Khoja Shia Ithna-Asheri Muslim Community (Jaafery) Limited

Company number 06391478, Registered office: same as the parent charity.

Turnover:	£93,488	(2020: £94,182)
Administrative Expenses:	£30,909	(2020: £23,448)
Net Profit / (Loss):	£579	(2020: £10,734)
Fixed Assets:	£10,170	(2020: £8,521)
Current Assets:	£6,170	(2020: £11,216)
Current Liabilities:	-£39,442	(2020: -£43,418)
Total Net liabilities:	-£23,102	(2020: -£23,681)
Reserves / (deficit):	-£23,102	(2020: -£23,681)

KSIMC of Birmingham

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

26. Statement of financial activities – charity only

	Unrestricted funds £	2021 Restricted funds £	Total funds £	2020 Total funds £
Income and endowments				
Donations and legacies	393,143	185,903	579,046	1,471,155
Other trading activities	53,500	–	53,500	78,964
Investment income	99,638	–	99,638	57,989
Total income	<u>546,281</u>	<u>185,903</u>	<u>732,184</u>	<u>1,608,108</u>
Expenditure				
Expenditure on charitable activities	772,381	53,538	825,919	696,984
Total expenditure	<u>772,381</u>	<u>53,538</u>	<u>825,919</u>	<u>696,984</u>
Net (expenditure)/income	<u>(226,100)</u>	<u>132,365</u>	<u>(93,735)</u>	<u>911,124</u>
Transfers between funds	219,858	(219,858)	–	–
Net movement in funds	<u>(6,242)</u>	<u>(87,493)</u>	<u>(93,735)</u>	<u>911,124</u>
Reconciliation of funds				
Total funds brought forward	8,085,277	1,946,220	10,031,497	9,120,374
Total funds carried forward	<u>8,079,035</u>	<u>1,858,727</u>	<u>9,937,762</u>	<u>10,031,498</u>