

**THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF
BIRMINGHAM**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF
BIRMINGHAM

LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|---------------------------|---|----------------------------|
| Charity Trustees | Dr. M Khoja | President |
| | Br. T Jivraj | Vice president |
| | Sis. I Ramji | Secretary General |
| | Br. H Bandali | Deputy Secretary General |
| | Br. M A Railey | Treasurer |
| | Br. H Elias | Head of Finance |
| | Sis. F Bandali | Executive Committee Member |
| | Br. H Asaria | Executive Committee Member |
| | Br. H Jaffer | Executive Committee Member |
| | Dr. M Janmohamed | Executive Committee Member |
| | Dr. R Hamer | Executive Committee Member |
| | Br. S Hassam | Executive Committee Member |
| | Sis. H Khimji | Chairlady |
| | Sis. F Damji | Ladies Hon. Secretary |
| | Dr. R Alidina | Chair Building Committee |
| | Br. I Janmohamed | Chair Education Board |
| Executive Committee | Br. H Hudda | |
| Registered charity number | 1170675 | |
| CIO number | CE009331 | |
| Principal address | 17 Clifton Road Balsall Heath Birmingham B12 8SX | |
| Auditor | Deitch Cooper LLP 1 st Floor, 3 Hobbs House Harrobian Business Village Bessborough Road Harrow Middlesex HA1 3EX | |
| Bankers | Barclays Bank Lloyds Bank Habib Bank Unity Trust Bank Charity Bank | |

**THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF
BIRMINGHAM**

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THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees present their annual report and the consolidated financial statements for the year ended 31 December 2022. The legal and administrative information page forms a part of this report.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements 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 (FRS 102)" (effective 1 January 2019).

Objectives and activities for the public benefit

The objective of the charity is to promote Islam and teachings of Islam per the Holy Quran in accordance with the Shia Jaafari faith. The principal objective of the Charity are to arrange religious functions in the Islamic calendar, provision of secular education, social & welfare of its members and establish capital projects to care for its needs.

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 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 Trustees and Executive Committee have given due consideration to the guidance provided by the Charity Commission in relation to public benefit and 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 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 to achieve this.

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 a member of COEJ (Council of European Jamaats), a UK registered charity number 1096111. KSIMC of Birmingham channels donations and contributions to worthwhile causes throughout the world through these two international bodies.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Achievements and performance

Over the past year, our community centre has seen several significant developments. Following the relaxation of lockdown measures, all programs have resumed in person at the centre. In March, we completed the construction of a transition facility, which will be used while new facilities are being built. Soon after, we began demolishing the old building, and within a few weeks, this process was completed. The opening ceremony of the transition facility was attended by esteemed guests, including the President of the World Federation of Khoja Shia Ithna Asheri Communities, Al Haj Safder Jaffer. We also hosted the first Annual General Meeting in two years, during which new trustees were elected. This year, we held the first in-person Ramadhan after the Covid era, and we saw a record turnout from community members. Our subcommittees returned to functioning as normal, with renewed energy and gusto. A record number of activities for all demographics of the community were held during the year, and we saw a big increase in the number of volunteers stepping up to help manage various activities both within the centre and at other locations. Despite ongoing construction and restricted access into the Syeda Zainab building, we have managed to continue catering to the needs of the community through advanced planning and discussions.

AIC Capital Project

Contracts and LOI: The BC has been working hard from the last AGM to review and verify the contracts in view of the cost-of-living crisis and inflation. We awarded the letter of intent for the demolition, the precast concrete floors and stairs. This was followed by the award of the complete contract to Gravitas directed by Steven Butcher, who constructed the Ghusl-Khana Building.

Diversions of Utilities to Sayyida Zainab Building and Access: To prepare for the demolition and site safety, the utilities (electricity, gas and water) diversion was undertaken to disconnect the supply from Clifton Road and divert them to supply from Runcorn Road. Electricity is fully diverted but the gas and water meters are still awaited. Access to the Jamaat office, Syeda Zainab Building and Muhammadi nursery were diverted in view of the construction works to four other access points including the Moseley Road Nursery access, Moseley Road flat entrance, fire exit of the Syeda Zainab Building and the Runcorn Road entrance and appropriate works were undertaken to make those access ready. Finally, the water to the Cave land is awaited but the works to prepare for the connection has already been undertaken. We are also looking into the electricity supply in the cave to provide any additional requirements.

Demolition and site set-up: This happens after the month of June last year and has completed successfully. This was followed by the site clearance and set up ready for the construction.

Piling: This is the current phase where following the excavation, the piling has been done. This forms the basis on which the piling caps are going to be constructed and the steel beams will be fitted from. Testing of the pilings are currently underway. The anticipated completion is 2 months following which, the steel beams will start to be erected and the building will start to take shape.

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. The Trustees wish to thank all volunteers for their hard work during the financial year and their ongoing efforts in numerous areas of work.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial review

The results for the year are shown on the Statement of Financial Activities and in the notes to the financial statements. Total income for the year was £1,617,412 (2021: £1,284,327), which includes income from investments of £307,354 (2021: £288,550). As at the year end, total unrestricted funds amounted to £10,689,439 (2021: £9,797,782), while total restricted funds amounted to £1,782,595 (2021: £1,919,429).

The charity's perpetual existence ensures that it will never dissolve, and thus, reserves are carried over from each fiscal year. The Trustees' objective is to maintain unrestricted reserves at a level that is equivalent to approximately three months of the charity's unrestricted charitable expenses. The Trustees believe that this amount is adequate to cover unexpected expenditures and fund other recurring costs associated with governance.

The Trustees and Executive Committee, as well as members of subcommittees, are neither remunerated nor 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. 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.

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 are published as part of the Building Report.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Structure, governance and management

The Charity is a Charitable Incorporated Organisation registered by a governing document dated 09 December 2016.

The Trustees who served during the year and up to the date of signature of the financial statements were:

| | |
|--------------|--|
| M Khoja | (Appointed 27 March 2022) |
| T Jivraj | (Appointed 27 March 2022) |
| I Ramji | |
| H Bandali | |
| M Railey | |
| S Hassam | |
| F Damji | (Appointed 28 April 2022) |
| R Alidina | (Appointed 28 April 2022) |
| R Hamer | (Appointed 28 April 2022) |
| F Bandali | (Appointed 18 April 2022) |
| I Janmohamed | (Appointed 18 April 2022) |
| M Janmohamed | (Appointed 18 April 2022) |
| H Asaria | (Appointed 24 November 2022) |
| H Khimji | (Appointed 28 April 2022) |
| H Jaffer | (Appointed 18 April 2022) |
| H Hudda | (Appointed 28 April 2022) (Resigned 6 February 2023) |
| S Naqvi | (Appointed 27 April 2022) (Resigned 27 October 2022) |
| G Dattoo | (Resigned 27 April 2022) |
| R Sachedina | (Resigned 27 April 2022) |
| S Fazal | (Resigned 27 April 2022) |
| M Kassamali | (Resigned 27 April 2022) |
| T Bhanji | (Resigned 27 April 2022) |
| S Zaidi | (Resigned 27 April 2022) |
| H Elias | (Appointed 14 April 2023) |

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

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

None of the Trustees or Executive Committee have any beneficial interest in any member of the group.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Trustees' responsibilities

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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the governing document.

The Trustees 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.

Disclosure of information to auditor

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

The Trustees' annual report was approved and signed on behalf of the Board of Trustees.

DocuSigned by:

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M Khoja
Trustee

26 May 2023

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

Opinion

We have audited the financial statements of the Khoja Shia Ithna-Asheri Muslim Community of Birmingham (the 'charity') and its group for the year ended 31 December 2022, which comprises the consolidated statement of financial activities, the consolidated statement of financial position, the statement of financial position, the consolidated statement of cash flows, 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 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 group's and charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE MUSLIM KHOJA SHIA ITHNA-ASHERI COMMUNITY OF BIRMINGHAM

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient 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 statement of Trustees' responsibilities, 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charity and the group through discussions with management and from our knowledge and experience of the sector and activities of the charity; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities (Accounts and Reports) Regulations 2008 and the Charities Act 2011; and
- we assessed the extent of compliance with the laws and regulations identified through making enquiries of management and inspecting documentation; and
- we identified laws and regulations which were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatements including obtaining an understanding of how fraud might occur by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE MUSLIM KHOJA SHIA ITHNA-ASHERI COMMUNITY OF BIRMINGHAM

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls we performed the following procedures:

- we performed analytical procedures to identify any unusual or unexpected relationships; and
- we assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- we investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to, agreeing financial statement disclosures to underlying supporting documentation and remaining alert for actual and potential litigation and claims during our other audit procedures. We did not identify any key audit matters relating to irregularities, including fraud.

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

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements 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) (second edition – October 2019)" in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current United Kingdom Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this, or for the opinions we have formed.

Deitch Cooper LLP

30 May 2023

Statutory Auditor

1st Floor, 3 Hobbs House
Harrovia Business Village
Bessborough Road
Harrow
Middlesex
HA1 3EX

Deitch Cooper LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

| | | Unrestricted Funds | Restricted Funds | Total Funds | Unrestricted Funds | Restricted Funds as restated | Total Funds as restated |
|--|-------|-----------------------|---------------------|-------------------|-----------------------|------------------------------------|-------------------------------|
| | | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
| | Notes | £ | £ | £ | £ | £ | £ |
| Income from: | | | | | | | |
| Donations and legacies | 4 | 354,909 | 560,178 | 915,087 | 333,405 | 351,663 | 685,068 |
| Charitable activities | 5 | 252,468 | - | 252,468 | 257,209 | - | 257,209 |
| Other trading activities | 6 | 110,425 | 30,980 | 141,405 | 53,500 | - | 53,500 |
| Investments | 7 | 307,354 | - | 307,354 | 288,550 | - | 288,550 |
| Other income | | 1,098 | - | 1,098 | - | - | - |
| Total income | | 1,026,254 | 591,158 | 1,617,412 | 932,664 | 351,663 | 1,284,327 |
| Expenditure on: | | | | | | | |
| Raising funds | 8 | 258,494 | - | 258,494 | 101,514 | - | 101,514 |
| Charitable activities | 9,10 | 1,095,072 | 176,349 | 1,271,421 | 900,676 | 246,803 | 1,147,479 |
| Total expenditure | | 1,353,566 | 176,349 | 1,529,915 | 1,002,190 | 246,803 | 1,248,993 |
| Revaluation of investment properties | 14 | 667,326 | - | 667,326 | - | - | - |
| Net incoming resources before transfers | | 340,014 | 414,809 | 754,823 | (69,526) | 104,860 | 35,334 |
| Gross transfers between funds | 19 | 551,643 | (551,643) | - | 219,858 | (219,858) | - |
| Net income/(expenditure for the year/ | | | | | | | |
| Net movement in funds | | 891,657 | (136,834) | 754,823 | 150,332 | (114,998) | 35,334 |
| Fund balances at 1 January 2022: | | | | | | | |
| As originally reported | | 9,797,782 | 1,858,727 | 11,656,509 | 9,647,450 | 1,946,220 | 11,593,670 |
| Effect of change in accounting policy | | - | 60,702 | 60,702 | - | 88,207 | 88,207 |
| As restated | | 9,797,782 | 1,919,429 | 11,717,211 | 9,647,450 | 2,034,427 | 11,681,877 |
| Fund balances at 31 December 2022 | | 10,689,439 | 1,782,595 | 12,472,034 | 9,797,782 | 1,919,429 | 11,717,211 |

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

All income and expenditure derive from continuing activities.

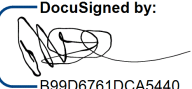
THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

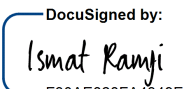
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | | 2022 | | 2021 as restated | |
|--|-------|------------------|--------------------|---------------------|--------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 7,045,889 | | 6,792,146 |
| Investment properties | 14 | | 5,642,189 | | 3,533,239 |
| | | | <u>12,688,078</u> | | <u>10,325,385</u> |
| Current assets | | | | | |
| Debtors | 15 | 301,308 | | 312,897 | |
| Cash at bank and in hand | | <u>2,517,220</u> | | <u>2,510,859</u> | |
| | | 2,818,528 | | 2,823,756 | |
| Creditors: amounts falling due within one year | 17 | <u>(284,572)</u> | | <u>(242,095)</u> | |
| Net current assets | | | <u>2,533,956</u> | | <u>2,581,661</u> |
| Total assets less current liabilities | | | 15,222,034 | | 12,907,046 |
| Creditors: amounts falling due after more than one year | 18 | | <u>(2,750,000)</u> | | <u>(1,189,835)</u> |
| Net assets | | | <u>12,472,034</u> | | <u>11,717,211</u> |
| Income funds | | | | | |
| Restricted funds | 19 | | 1,782,595 | | 1,919,429 |
| <u>Unrestricted funds</u> | | | | | |
| Designated funds | 20 | 4,552,244 | | 3,998,774 | |
| General unrestricted funds | 20 | 3,151,071 | | 2,646,066 | |
| Revaluation reserve | 20 | <u>2,986,124</u> | | <u>3,152,942</u> | |
| | | | <u>10,689,439</u> | | <u>9,797,782</u> |
| Total charity funds | | | <u>12,472,034</u> | | <u>11,717,211</u> |

These accounts were approved by the Board of Trustees on 30 May 2023 and were signed on its behalf by:

DocuSigned by:

 B99D6761DCA5440...
M Khoja
Trustee

DocuSigned by:

 F30AE828FA4349E...
I Ramji
Trustee

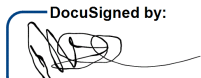
THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM


CHARITY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | | 2022 | | 2021 as restated | |
|---|-------|-----------|------------|---------------------|-----------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 7,018,330 | | 6,747,578 |
| Current assets | | | | | |
| Debtors | 15 | 1,109,032 | | 1,063,720 | |
| Cash at bank and in hand | | 2,139,824 | | 2,286,957 | |
| | | 3,248,856 | | 3,350,677 | |
| Creditors: amounts falling due within one year | 17 | (227,515) | | (99,791) | |
| Net current assets | | | 3,021,341 | | 3,250,886 |
| Total assets less current liabilities | | | 10,039,671 | | 9,998,464 |
| Income funds | | | | | |
| Restricted funds | 19 | | 1,782,595 | | 1,919,429 |
| <u>Unrestricted funds</u> | | | | | |
| Designated funds | 20 | 4,552,244 | | 3,998,774 | |
| General unrestricted funds | 20 | 718,708 | | 927,319 | |
| Revaluation reserve | 20 | 2,986,124 | | 3,152,942 | |
| | | | 8,257,076 | | 8,079,035 |
| Total charity funds | | | 10,039,671 | | 9,998,464 |

These accounts were approved by the Board of Trustees on 30 May 2023 and were signed on its behalf by:

DocuSigned by:

 B99D6761DCA5440...
 M Khoja
 Trustee

DocuSigned by:

 F30AE828FA4349E...
 I Ramji
 Trustee

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|-------------|-------------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 25 | | 255,757 | | (198,593) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (552,534) | | (286,600) | |
| Purchase of investment property | | (1,441,624) | | - | |
| Investment income received | | 307,354 | | 288,550 | |
| | | | | | |
| Net cash generated from/(used in) investing activities | | | (1,686,804) | | 1,950 |
| Financing activities | | | | | |
| Proceeds from new bank loans | | 2,750,000 | | - | |
| Repayment of bank loans | | (1,312,592) | | (82,798) | |
| | | | | | |
| Net cash used in financing activities | | | 1,437,408 | | (82,798) |
| | | | | | |
| Net (decrease)/increase in cash and cash equivalents | | | 6,361 | | (279,441) |
| | | | | | |
| Cash and cash equivalents at beginning of year | | | 2,510,859 | | 2,790,300 |
| | | | | | |
| Cash and cash equivalents at end of year | | | 2,517,220 | | 2,510,859 |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

The Khoja Shia Ithna-Asheri Muslim Community of Birmingham ("the charity") is a Charitable Incorporated Organisation registered in England and Wales. The charity is a UK registered charity. The principal place of business is 17 Clifton Street, Balsall Heath, Birmingham, B12 8SX.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's constitution, the Charities Act 2011 and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 (effective 1 January 2019) rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

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

1.2 Basis of consolidation

The consolidated financial statements include the results for the year, of the charity and all associated companies that the group controls and their net assets at the year-end date. Transactions between associated undertakings are eliminated on consolidation. Control is the power to govern the financial and operating policies of the associated company so as to obtain benefits from its activities.

The group financial statements include the financial statements of the Khoja Shia Ithna-Asheri Muslim Community of Birmingham, Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited and Khoja Shia Ithna-Asheri Muslim Community (Jaafery) Limited. A separate Statement of Financial Activities, or income and expenditure account, for the parent charity itself is not presented.

1.3 Going concern

The Trustees have considered the levels of funds held and the level of reserves for each member of the group. At the time of approving the accounts, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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

1.5 Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when the charity becomes unconditionally entitled to the income. If the terms of a grant impose conditions the grant is only recognised as income when the conditions are met. Income received before the revenue recognition criteria are met are recognised as a liability.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.6 Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Raising funds comprise the costs associated with attracting voluntary income and for costs incurred for the investment properties.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

1.7 Tangible fixed assets

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

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

| | |
|-----------------------|-----------------------------|
| Freehold property | Straight line over 25 years |
| Fixtures and fittings | 25% straight line |
| Plant and equipment | 25% straight line |
| Motor vehicles | 25% straight line |

Freehold land and assets in the course of construction are not depreciated.

Impairment of fixed assets

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

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value as at the reporting end date. The net gain or loss on revaluation is recognised in net income/(expenditure) for the year.

1.9 Retirement benefits

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Taxation

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

1.11 Cash and cash equivalents

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

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the charity's statement of financial position when the charity becomes party to the contractual provisions of the instrument.

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

Basic Financial assets

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

Basic financial liabilities

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

Derecognition of financial liabilities

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

2.a. Change in accounting policy

Burial land

The charity operates a Burial scheme for contributing members. To operate the scheme the charity has previously purchased plots of burial land. The accounting policy was formerly to initially measure the purchase of Burial land at transaction price and subsequently carry the Burial land at amortised cost within prepayments. The movement in the prepayment has been recognised as expenditure of the Burial fund. The new accounting policy is to recognise Burial land in accordance with the charity's accounting policy for land. The new accounting policy measures the purchase of Burial land at transaction price and subsequently carries the Burial land at historic cost less amortisation and impairment within tangible assets. The amortisation losses are expenditure of the Burial fund. This policy has been applied retrospectively and the financial statement lines for Tangible assets and Debtors of the prior period have been adjusted to reflect application of the new accounting policy. There is no effect on total assets or income and expenditure for the change in accounting policy.

Third party collections

The charity collects donations for onward transmission to third parties. The accounting policy was formerly to recognise some donations within creditors falling due within one year as amounts owed to third parties. The new accounting policy is to recognise the receipts as income of the charity and the payments to third parties as expenditure of the charity and treat the balance owing to third parties as restricted funds. This is to ensure compliance with the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This policy has been applied retrospectively and the financial statement lines for Creditors and Restricted funds of the prior period have been adjusted to reflect application of the new accounting policy. The effect of the adjustment is to increase the balance on restricted funds and reduce creditors due within one year by £123,541.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2.b Critical accounting estimates and judgements

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

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

3.a Income Earned from other Activities

The following entities, incorporated in England and Wales, form part of the group:

| | Control |
|--|--|
| Khoja Shia Ithna-Asheri Muslim Community (Baquir) Limited (company number 06391353) | 100 % control of assets and operations |
| Khoja Shia Ithna-Asheri Muslim Community (Jaaferi) Limited (company number 06391478) | 100 % control of assets and operations |

| | Khoja Shia Ithna-Asher Muslim Community (Baquir) Limited | | Khoja Shia Ithna-Asher Muslim Community (Jaaferi) Limited | |
|---|---|------------------|--|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Total income | 447,286 | 437,399 | 105,425 | 93,488 |
| Total expenditure | 401,677 | 281,403 | 104,744 | 92,909 |
| Net gains on investments | 667,326 | - | - | - |
| Net income for the year | 712,935 | 155,996 | 681 | 579 |
| The assets and liabilities of the subsidiary were: | | | | |
| Assets | 6,082,695 | 3,969,516 | 23,635 | 17,507 |
| Liabilities | (3,627,909) | (2,227,665) | (46,056) | (40,609) |
| Capital and Reserves | 2,454,786 | 1,741,851 | (22,421) | (23,102) |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.b Financial performance of the charity

The Financial activities shown in the consolidated financial statements include those of the charity's associates. A summary of the financial activities undertaken by the charity is set out below:

| | 2022 £ | 2021 £ |
|---|------------|------------|
| Income | 1,125,700 | 897,944 |
| Expenditure on raising funds | - | - |
| Expenditure on charitable activities | 1,084,493 | 1,019,184 |
| Other gains and losses | - | - |
| Net income for the year / Net movement in funds | 41,207 | (121,240) |
| Total funds brought forward | 9,998,464 | 10,119,704 |
| Total funds carried forward | 10,039,671 | 9,998,464 |

4 Donations and legacies

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations and gifts | | | | | | |
| Burial donations | 66,053 | - | 66,053 | 20,895 | - | 20,895 |
| Third party collections | - | 210,486 | 210,486 | - | 174,184 | 174,184 |
| General donations | 61,427 | - | 61,427 | 103,949 | - | 103,949 |
| Gift aid | 83,902 | - | 83,902 | 40,120 | - | 40,120 |
| Hardship funds | 9,620 | - | 9,620 | 33,408 | - | 33,408 |
| AIC project | - | 332,925 | 332,925 | - | 161,357 | 161,357 |
| Nyaz | 39,272 | - | 39,272 | 14,362 | - | 14,362 |
| Seniors' donations | - | - | - | - | 270 | 270 |
| Subscriptions | 94,635 | - | 94,635 | 91,313 | - | 91,313 |
| Sadka | - | 16,766 | 16,766 | - | 15,852 | 15,852 |
| COVID 19 support fund | - | - | - | 1,858 | - | 1,858 |
| Grants | | | | | | |
| Government grants | - | - | - | 27,500 | - | 27,500 |
| | <u>354,909</u> | <u>560,178</u> | <u>915,087</u> | <u>333,405</u> | <u>351,663</u> | <u>685,068</u> |

Government grants in the prior year comprises £20,000 relating to an NHS project and £7,500 from Birmingham City Council.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Donations and legacies (continued)

Contribution of volunteers

The Charity benefits greatly from the involvement and support of many volunteers who assist with a wide range of charitable and support activities. In accordance with FRS102 and the Charities SORP (FRS102) the economic contribution of general volunteers is not recognised in the financial statements.

5 Charitable activities

| | Unrestricted Funds 2022 £ | Total Funds 2022 £ | Unrestricted Funds 2021 £ | Total Funds 2021 £ |
|------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|
| Secular Education fees | 43,264 | 43,264 | 46,280 | 46,280 |
| Madressa fees | 30,191 | 30,191 | 28,574 | 28,574 |
| Nursery fees | 108,505 | 108,505 | 114,220 | 114,220 |
| Burial Scheme | 70,508 | 70,508 | 68,135 | 68,135 |
| | <u>252,468</u> | <u>252,468</u> | <u>257,209</u> | <u>257,209</u> |

6 Other trading activities

| | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ | Unrestricted Funds 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|------------------------------------|----------------------------------|-----------------------------|
| Advertising | 2,352 | - | 2,352 | 1,275 | - | 1,275 |
| Halls and Majlis | 13,541 | - | 13,541 | 10,943 | - | 10,943 |
| Senior citizen activities | - | 30,980 | 30,980 | - | - | - |
| Subcommittees | 94,532 | - | 94,532 | 41,282 | - | 41,282 |
| | <u>110,425</u> | <u>30,980</u> | <u>141,405</u> | <u>53,500</u> | <u>-</u> | <u>53,500</u> |

7 Investment income

| | Unrestricted Funds 2022 £ | Total Funds 2022 £ | Unrestricted Funds 2021 £ | Total Funds 2021 £ |
|---------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|
| Rental income | 304,042 | 304,042 | 285,840 | 285,840 |
| Interest receivable | 3,312 | 3,312 | 2,710 | 2,710 |
| | <u>307,354</u> | <u>307,354</u> | <u>288,550</u> | <u>288,550</u> |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Raising funds

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|--|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| <u>Investment property expenditure</u> | | | | | | |
| Share of governance costs | 2,575 | - | 2,575 | 1,125 | - | 1,125 |
| Property management agents | 9,970 | - | 9,970 | - | - | - |
| Other fundraising costs | 34,442 | - | 34,442 | 22,377 | - | 22,377 |
| Depreciation and impairment | 10,160 | - | 10,160 | 10,218 | - | 10,218 |
| Share of support costs (see note 10) | 201,347 | - | 201,347 | 67,794 | - | 67,794 |
| | <u>258,494</u> | <u>-</u> | <u>258,494</u> | <u>101,514</u> | <u>-</u> | <u>101,514</u> |
| Fundraising and publicity | <u>258,494</u> | <u>-</u> | <u>258,494</u> | <u>101,514</u> | <u>-</u> | <u>101,514</u> |

9 Charitable activities

| | Religious £ | Education £ | Burial £ | Total 2022 £ | Total 2021 £ |
|--|------------------|----------------|---------------|--------------------|--------------------|
| Staff costs | 127,861 | 102,577 | - | 230,438 | 201,946 |
| Depreciation and impairment | 258,379 | 7,738 | 22,512 | 288,629 | 290,972 |
| Charitable expenditure | 301,544 | 46,803 | - | 348,347 | 444,697 |
| Burial costs | - | - | 25,581 | 25,581 | 40,481 |
| | <u>687,784</u> | <u>157,118</u> | <u>48,093</u> | <u>892,995</u> | <u>978,096</u> |
| Share of support costs (see note 10) | 344,115 | 27,486 | - | 371,601 | 162,070 |
| Share of governance costs (see note 10) | 4,500 | 2,325 | - | 6,825 | 7,313 |
| | <u>1,036,399</u> | <u>186,929</u> | <u>48,093</u> | <u>1,271,421</u> | <u>1,147,479</u> |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Charitable activities (continued)

| | Religious | Education | Burial | Total 2022 |
|-------------------------|------------------|----------------|---------------|------------------|
| | £ | £ | £ | £ |
| Analysis by fund | | | | |
| Unrestricted funds | 860,050 | 186,929 | 48,093 | 1,095,072 |
| Restricted funds | 176,349 | - | - | 176,349 |
| | <u>1,036,399</u> | <u>186,929</u> | <u>48,093</u> | <u>1,271,421</u> |

For the year ended 31 December 2021

| | Religious | Education | Burial | Total 2021 |
|--|----------------|----------------|---------------|------------------|
| | £ | £ | £ | £ |
| Staff costs | 103,975 | 97,971 | - | 201,946 |
| Depreciation and impairment | 257,506 | 7,738 | 25,728 | 290,972 |
| Charitable expenditure | 407,450 | 37,247 | - | 444,697 |
| Burial costs | - | - | 40,481 | 40,481 |
| | <u>768,931</u> | <u>142,956</u> | <u>66,209</u> | <u>978,096</u> |
| Share of support costs (see note 10) | 132,633 | 29,437 | - | 162,070 |
| Share of governance cost (see note 10) | 4,500 | 2,813 | - | 7,313 |
| | <u>906,064</u> | <u>175,206</u> | <u>66,209</u> | <u>1,147,479</u> |
| Analysis by fund | | | | |
| Unrestricted funds | 659,261 | 175,206 | 66,209 | 900,676 |
| Restricted funds | 246,803 | - | - | 246,803 |
| | <u>906,064</u> | <u>175,206</u> | <u>66,209</u> | <u>1,147,479</u> |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Support costs

| | Support costs | Total | Support costs | Total | Basis of allocation |
|------------------------------|----------------|----------------|----------------|----------------|-----------------------|
| | 2022 | 2022 | 2021 | 2021 | |
| | £ | £ | £ | £ | |
| Operating lease charges | 3,112 | 3,112 | 2,569 | 2,569 | Usage |
| Premises costs | 147,811 | 147,811 | 47,194 | 47,194 | Directly attributable |
| Investment properties | 39,794 | 39,794 | 42,448 | 42,448 | Directly attributable |
| Finance costs | 133,808 | 133,808 | 39,960 | 39,960 | Directly attributable |
| Insurance | 20,651 | 20,651 | 15,892 | 15,892 | Directly attributable |
| Legal and professional | 39,140 | 39,140 | 10,290 | 10,290 | Directly attributable |
| Office expenses | 10,662 | 10,662 | 21,108 | 21,108 | Usage |
| Sub-committee | 139,514 | 139,514 | 44,072 | 44,072 | Directly attributable |
| Bank charges | 20,533 | 20,533 | 5,626 | 5,626 | Usage |
| Promotion and marketing | 918 | 918 | 705 | 705 | Usage |
| Bad and doubtful debts | 17,005 | 17,005 | - | - | Directly attributable |
| <u>Governance costs</u> | | | | | |
| Audit fees | 9,400 | 9,400 | 8,438 | 8,438 | Governance |
| | <u>582,348</u> | <u>582,348</u> | <u>238,302</u> | <u>238,302</u> | |
| <u>Analysed between</u> | | | | | |
| <u>Fundraising</u> | | | | | |
| Share of support costs | 201,347 | 201,347 | 67,794 | 67,794 | |
| Governance costs | 2,575 | 2,575 | 1,125 | 1,125 | |
| <u>Charitable activities</u> | | | | | |
| Share of support costs | 371,601 | 371,601 | 162,070 | 162,070 | |
| Governance costs | 6,825 | 6,825 | 7,313 | 7,313 | |
| | <u>582,348</u> | <u>582,348</u> | <u>238,302</u> | <u>238,302</u> | |

11 Trustees

None of the Trustees (nor any persons connected with them) received any remuneration or benefits from the charity during the year (2021: £nil).

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2022 Number | 2021 Number |
|---------------|----------------|----------------|
| Nursery | 12 | 12 |
| Resident Alim | 1 | 1 |
| Caretaker | 1 | 1 |
| Others | 5 | 4 |
| | <u>19</u> | <u>18</u> |

Employment costs

| | 2022 £ | 2021 £ |
|---------------------|----------------|----------------|
| Wages and salaries | 229,956 | 201,302 |
| Staff pension costs | 482 | 644 |
| | <u>230,438</u> | <u>201,946</u> |

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

13 Tangible fixed assets - The group

| | Freehold land and buildings £ | Assets under construction £ | Fixture, fittings and equipment £ | Motor vehicles £ | Burial land £ | Total £ |
|--|-------------------------------------|-----------------------------------|---|------------------------|------------------|-------------------|
| Cost | | | | | | |
| At 1 January 2022 | 7,322,841 | 1,640,656 | 454,168 | 18,630 | 388,218 | 9,824,513 |
| Additions | <u>-</u> | <u>551,643</u> | <u>891</u> | <u>-</u> | <u>-</u> | <u>552,534</u> |
| At 31 December 2022 | <u>7,322,841</u> | <u>2,192,299</u> | <u>455,059</u> | <u>18,630</u> | <u>388,218</u> | <u>10,377,047</u> |
| Depreciation and impairment | | | | | | |
| At 1 January 2022 | 2,433,322 | - | 394,841 | 18,630 | 185,576 | 3,032,369 |
| Depreciation charged in the year | 253,459 | - | 22,818 | - | - | 276,277 |
| Impairment losses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,512</u> | <u>22,512</u> |
| At 31 December 2022 | <u>2,686,781</u> | <u>-</u> | <u>417,659</u> | <u>18,630</u> | <u>208,088</u> | <u>3,331,158</u> |
| Carrying amount | | | | | | |
| At 31 December 2022 | <u>4,636,060</u> | <u>2,192,299</u> | <u>37,400</u> | <u>-</u> | <u>180,130</u> | <u>7,045,889</u> |
| At 31 December 2021 | <u>4,889,519</u> | <u>1,640,656</u> | <u>59,329</u> | <u>-</u> | <u>202,642</u> | <u>6,792,146</u> |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13.a Tangible fixed assets – The charity

| | Freehold land and buildings £ | Assets under construction £ | Fixture and fittings £ | Motor vehicles £ | Burial land £ | Total £ |
|--|-------------------------------------|-----------------------------------|------------------------------|------------------------|------------------|------------|
| Cost | | | | | | |
| At 1 January 2022 | 7,322,841 | 1,640,656 | 308,955 | 18,630 | 388,218 | 9,679,300 |
| Additions | - | 551,643 | - | - | - | 551,643 |
| At 31 December 2022 | 7,322,841 | 2,192,299 | 308,955 | 18,630 | 388,218 | 10,230,943 |
| Depreciation and impairment | | | | | | |
| At 1 January 2022 | 2,433,322 | - | 294,194 | 18,630 | 185,576 | 2,931,722 |
| Depreciation charged in the year | 253,459 | - | 4,920 | - | - | 258,379 |
| Impairment losses | - | - | - | - | 22,512 | 22,512 |
| At 31 December 2022 | 2,686,781 | - | 299,114 | 18,630 | 208,088 | 3,212,613 |
| Carrying amount | | | | | | |
| At 31 December 2022 | 4,636,060 | 2,192,299 | 9,841 | - | 180,130 | 7,018,330 |
| At 31 December 2021 | 4,889,519 | 1,640,656 | 14,761 | - | 202,642 | 6,747,578 |

If Freehold land and buildings of the charity and group were carried at cost less depreciation instead of valuation the carrying amount at the reporting date would be £1,649,936 (2021: £1,736,577).

The carrying amount of the Burial land is impaired to the historic cost of the unused burial plots at each reporting date. Impairment losses on the burial plots are recognised as Burial fund expenditure within unrestricted funds.

14 Investment property - The group

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

Investment property comprises freehold property held for rental and capital appreciation purposes. The fair value of the investment property has been arrived at from reviewing market evidence from sources not connected with the charity. The valuation is by the Trustees on an open market value basis.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Debtors - The group

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade debtors | 74,321 | 67,111 |
| Other debtors | 211,793 | 91,807 |
| Prepayments and accrued income | 15,194 | 153,979 |
| | <u>301,308</u> | <u>312,897</u> |

15.a Debtors - The charity

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 44,060 | 55,789 |
| Amounts due from fellow group undertakings | 86,085 | 73,185 |
| Other debtors | 211,793 | 91,806 |
| Prepayments and accrued income | 14,094 | 10,940 |
| | <u>356,032</u> | <u>231,720</u> |
| Amounts falling due after one year: | | |
| Amounts due from fellow group undertakings | <u>753,000</u> | <u>832,000</u> |
| Total debtors | <u>1,109,032</u> | <u>1,063,720</u> |

Amounts due from fellow group undertakings are interest free.

16 Loans and overdrafts

| | 2022 £ | 2021 £ |
|-------------------------|------------------|------------------|
| Bank loans (secured) | <u>2,750,000</u> | <u>1,312,592</u> |
| Payable within one year | - | 122,757 |
| Payable after one year | <u>2,750,000</u> | <u>1,189,835</u> |

Bank loans are repayable other than by instalments. A market rate of interest is charged until the loan is repaid.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due within one year - The group

| | Notes | 2022 £ | 2021 £ |
|------------------------------------|-------|----------------|----------------|
| Bank loans (secured) | 15 | - | 122,757 |
| Other taxation and social security | | 1,024 | 2,183 |
| Trade creditors | | 105,206 | 24,958 |
| Other creditors | | 112,240 | 82,859 |
| Accruals and deferred income | | 66,102 | 9,338 |
| | | <u>284,572</u> | <u>242,095</u> |

The bank loans are secured by way of charges over certain investment properties owned by the group.

17.a Creditors: amounts falling due within one year - The charity

| | 2022 £ | 2021 £ |
|------------------------------------|----------------|---------------|
| Other taxation and social security | 522 | - |
| Trade creditors | 100,036 | 24,765 |
| Other creditors | 75,622 | 70,113 |
| Accruals and deferred income | 51,335 | 4,913 |
| | <u>227,515</u> | <u>99,791</u> |

18 Creditors: amounts falling due after more than one year - The group

| | Notes | 2022 £ | 2021 £ |
|----------------------|-------|------------------|------------------|
| Bank loans (secured) | 15 | <u>2,750,000</u> | <u>1,189,835</u> |

The bank loans are secured by way of charges over certain investment properties owned by the group.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Restricted funds – group and charity

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Balance at 1 Jan 2022 | Movement in funds | | Transfers | Balance at 31 Dec 2022 |
|-------------------------|--------------------------|-------------------|------------------|------------------|---------------------------|
| | £ | Income £ | Expenditure £ | £ | £ |
| AIC Project | 1,805,539 | 332,925 | - | (551,643) | 1,586,821 |
| Senior citizens | 34,305 | 30,980 | (49,946) | - | 15,339 |
| Third party collections | 62,057 | 210,486 | (104,803) | - | 167,740 |
| Sadka | 17,528 | 16,767 | (21,600) | - | 12,695 |
| | <u>1,919,429</u> | <u>591,158</u> | <u>(176,349)</u> | <u>(551,643)</u> | <u>1,782,595</u> |

Year ended 31 December 2021

| | Balance at 1 Jan 2021 | Movement in funds | | Transfers | Balance at 31 Dec 2021 |
|-------------------------|--------------------------|-------------------|------------------|------------------|---------------------------|
| | £ | Income £ | Expenditure £ | £ | £ |
| AIC Project | 1,864,040 | 161,357 | - | (219,858) | 1,805,539 |
| Senior citizens | 36,219 | 270 | (2,184) | - | 34,305 |
| Third party collections | 94,492 | 174,184 | (206,619) | - | 62,057 |
| Sadka | 39,676 | 15,852 | (38,000) | - | 17,528 |
| | <u>2,034,427</u> | <u>351,663</u> | <u>(246,803)</u> | <u>(219,858)</u> | <u>1,919,429</u> |

19.a Description of restricted funds

AIC Project – a construction project for the design and build of the Mosque, Imambara and associated works.

Senior citizens – a specific fund for use on activities for senior citizens.

Third party collections - religious collections specifically collected on behalf of The World Federation and The Council of European Jamaats

Sadka – a specific fund for charitable giving to support hardship in communities

Reason for the transfers

The value of assets under construction purchased during the year has been transferred from the AIC Project restricted fund to the Building fund, within designated funds, since the asset has been purchased from restricted donations but the asset is held for designated purposes and not a restricted purpose.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Unrestricted funds - group

| | Movement in funds | | | | | |
|-----------------------------------|--------------------------|------------------|------------------|----------------------------|----------------|---------------------------|
| | Balance at 1 Jan 2022 | Income | Expenditure | Revaluation gain/(loss) | Transfers | Balance at 31 Dec 2022 |
| | £ | £ | £ | £ | £ | £ |
| <u>Designated Funds</u> | | | | | | |
| Equipment fund | 17,720 | - | - | - | - | 17,720 |
| Burial fund | 603,820 | 136,561 | 48,093 | - | - | 692,288 |
| Building fund | 3,377,234 | - | 86,641 | - | 551,643 | 3,842,236 |
| <i>Sub-total designated funds</i> | 3,998,774 | 136,561 | 134,734 | - | 551,643 | 4,552,244 |
| General funds | 2,646,066 | 889,693 | 1,052,014 | 667,326 | - | 3,151,071 |
| Revaluation reserve | 3,152,942 | - | 166,818 | - | - | 2,986,124 |
| | <u>9,797,782</u> | <u>1,026,254</u> | <u>1,353,566</u> | <u>667,326</u> | <u>551,643</u> | <u>10,689,439</u> |

Year ended 31 December 2021

| | Movement in funds | | | | | |
|-----------------------------------|--------------------------|----------------|------------------|----------------------------|----------------|---------------------------|
| | Balance at 1 Jan 2021 | Income | Expenditure | Revaluation gain/(loss) | Transfers | Balance at 31 Dec 2021 |
| | £ | £ | £ | £ | £ | £ |
| <u>Designated Funds</u> | | | | | | |
| Equipment fund | 17,720 | - | - | - | - | 17,720 |
| Burial fund | 581,000 | 89,030 | 66,209 | - | - | 603,820 |
| Building fund | 3,244,018 | - | 86,642 | - | 219,858 | 3,377,234 |
| <i>Sub-total designated funds</i> | 3,842,738 | 89,030 | 152,851 | - | 219,858 | 3,998,774 |
| General funds | 2,485,826 | 843,635 | 683,395 | - | - | 2,646,066 |
| Revaluation reserve | 3,318,886 | - | 165,944 | - | - | 3,152,942 |
| | <u>9,647,450</u> | <u>932,665</u> | <u>1,002,190</u> | <u>-</u> | <u>219,858</u> | <u>9,797,782</u> |

20.a Unrestricted funds - charity

| | Movement in funds | | | | | |
|-----------------------------------|--------------------------|----------------|----------------|----------------------------|----------------|---------------------------|
| | Balance at 1 Jan 2022 | Income | Expenditure | Revaluation gain/(loss) | Transfers | Balance at 31 Dec 2022 |
| | £ | £ | £ | £ | £ | £ |
| <u>Designated Funds</u> | | | | | | |
| Equipment fund | 17,720 | - | - | - | - | 17,720 |
| Burial fund | 603,820 | 136,561 | 48,093 | - | - | 692,288 |
| Building fund | 3,377,234 | - | 86,641 | - | 551,643 | 3,842,236 |
| <i>Sub-total designated funds</i> | 3,998,774 | 136,561 | 134,734 | - | 551,643 | 4,552,244 |
| General funds | 927,319 | 397,981 | 606,592 | - | - | 718,708 |
| Revaluation reserve | 3,152,942 | - | 166,818 | - | - | 2,986,124 |
| | <u>8,079,035</u> | <u>534,542</u> | <u>908,144</u> | <u>-</u> | <u>551,643</u> | <u>8,257,076</u> |

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20.a Unrestricted funds – charity (continued)

Year ended 31 December 2021

| | Balance at 1 Jan 2021 | Movement in funds | | | Transfers | Balance at 31 Dec 2021 |
|-----------------------------------|--------------------------|-------------------|----------------|----------------------------|----------------|---------------------------|
| | £ | Income | Expenditure | Revaluation gain/(loss) | £ | £ |
| Designated Funds | | | | | | |
| Equipment fund | 17,720 | - | - | - | - | 17,720 |
| Burial fund | 581,000 | 89,030 | 66,209 | - | - | 603,820 |
| Building fund | 3,244,018 | - | 86,642 | - | 219,858 | 3,377,234 |
| <i>Sub-total designated funds</i> | 3,842,738 | 89,030 | 152,851 | - | 219,858 | 3,998,774 |
| General funds | 923,655 | 457,251 | 453,587 | - | - | 927,319 |
| Revaluation reserve | 3,318,886 | - | 165,944 | - | - | 3,152,942 |
| | <u>8,085,279</u> | <u>546,281</u> | <u>772,382</u> | <u>-</u> | <u>219,858</u> | <u>8,079,035</u> |

20.b Description of unrestricted funds

Equipment fund - donations designated for the purchase of equipment.

Burial – subscriptions and donations designated for the use of future burial needs and burial expenditure.

Building fund – a specific fund relating to the purchase of freehold land and buildings used by the charity.

General funds – funds for use at the discretion of the Trustees in the furtherance of the charity's objects

Revaluation reserve – this reflects the total revaluation above cost of freehold property accounted for under the revaluation model. The expenditure charged to the fund represents the depreciation charged during the year on the revaluation amount of property, plant and equipment.

Reason for the transfers

The value of assets under construction purchased during the year has been transferred from the AIC Project restricted fund to the Building fund, within designated funds, since the asset has been purchased from restricted donations but the asset is held for designated purposes and not a restricted purpose.

THE KHOJA SHIA ITHNA-ASHERI MUSLIM COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Analysis of net assets between funds

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 December 2022 are represented by: | | | | | | |
| Tangible assets | 7,045,889 | - | 7,045,889 | 6,792,146 | - | 6,792,146 |
| Investment properties | 5,642,189 | - | 5,642,189 | 3,533,239 | - | 3,533,239 |
| Current assets/(liabilities) | 751,361 | 1,782,595 | 2,533,956 | 662,232 | 1,919,429 | 2,581,661 |
| Long term liabilities | (2,750,000) | - | (2,750,000) | (1,189,835) | - | (1,189,835) |
| | <u>10,689,439</u> | <u>1,782,595</u> | <u>12,472,034</u> | <u>9,797,782</u> | <u>1,919,429</u> | <u>11,717,211</u> |

22 Capital Commitments

The charity has contractual capital commitments in respect of the design and build of the Mosque, Imambara and associated works. Total costs contracted for, including those already incurred, are estimated to be approximately £7million. Future costs of the project have not been recognised in these financial statements, except to the extent that the work has been carried out by the reporting end date.

23 Related party transactions

During the year the Trustees paid donations and religious dues to the charity totalling £55,289 (2021: £15,024). In addition, short-term interest-free bridging loans for the purchase of an investment property were received from Trustees totalling £80,000, which were subsequently repaid during the year. No amounts were due to or from Trustees at the reporting end date (2021: £nil).

24 Connected parties

The charity, although independent, is involved with a wider network of charities. It is a member of The Council of European Jamaats (COEJ) which represents the charity at the global organisation, The World Federation of Khoja Shia Ithna-Asheri Muslim Communities (WF). Both charities are registered with the Charities Commission in the UK. WF represents Birmingham Jamaat when dealing with international work which includes disaster and general relief outside the UK. Receipts and Payments for COEJ and WF are recognised as a third-party collections restricted fund. WF also provides voluntary donations to the charity towards building the Mosque and Imambara. Included within debtors are amounts owed by WF to the charity of £146,645 (2021: £115,297).

THE MUSLIM KHOJA SHIA ITHNA-ASHERI COMMUNITY OF BIRMINGHAM

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Cash generated from operations

| | 2022 £ | 2021 £ |
|---|----------------|------------------|
| Surplus for the year | 754,823 | 35,334 |
| <u>Adjustments for:</u> | | |
| Investment income recognised in Statement of Financial Activities | | (288,550) |
| Fair value gains and losses on investment properties | (667,326) | - |
| Depreciation and impairment of tangible assets | 298,789 | 301,190 |
| <u>Movements in working capital:</u> | | |
| Decrease/(increase) in debtors | 11,720 | (312,897) |
| Increase in creditors | 165,105 | 66,330 |
| Cash generated from/(absorbed by) operations | 255,757 | (198,593) |

26 Analysis of changes in net debt

| | At 1 January 2022 £ | Cash flows £ | At 31 December 2022 £ |
|--|------------------------------|--------------------|--------------------------------|
| Cash at bank and in hand | 2,510,859 | 6,361 | 2,517,220 |
| Loans falling due within one year | (122,757) | 122,757 | - |
| Loans falling due after more than one year | (1,189,835) | (1,560,165) | (2,750,000) |
| | <u>1,198,267</u> | <u>(1,431,047)</u> | <u>(232,780)</u> |