

**ISLAMIC ASSOCIATION OF NORTH LONDON
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

ISLAMIC ASSOCIATION OF NORTH LONDON

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Nurul Alam Mr Alnoor Kara Mr Umar Khan- Cheema Mr Mohammed Abdul Basit Mr Faisal Habib Mr Shehu Suleiman Mr Khaled Ahmed Mr Tehmur Khan Mr Furkan Shahabuddin Mr Mohamed Abanur
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Charity number	1173839
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Registered office	685 High Road North Finchley London UK N12 0DA
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Auditor	ZAM Mushtaq Ltd First Floor 2 Woodberry Grove London N12 0DR
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ISLAMIC ASSOCIATION OF NORTH LONDON

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ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's constitution, 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

The charity's objects of the Charitable Incorporated Organisation (CIO), as laid out in its constitution, are:

- Advancement of religion in accordance with the tenets, philosophy, ideology and traditions of Islam;
- Advancement of education and religious teaching through lectures, structured classes and youth services in accordance with the tenets and teachings of Islam; and
- Relief of such members of the community who are poor and in distress in accordance with the tenets, philosophy, ideology and teachings of Islam.

The trustees have paid due regard to guidance on the public benefit issued by the Charity Commission in deciding what activities the charity should undertake.

The demand for the core services of IANL continues to rise by the fact that it serves an increasing Muslim community covering a wide geographical area in the London Borough of Barnet. It is a diverse community originating from a variety of ethnicities and cultures.

IANL provides facilities to facilitate all the daily prayers and is open to the public seven days a week. The prayer facilities are used for the large congregational prayers held on Fridays, during Ramadan and on other important occasions such as the two festivals of Eid.

Achievements and performance

Covid 19

The COVID 19 pandemic has had a crippling effect on the services provided at IANL. All services were suspended including Ramadan, our busiest time of year. Many of the staff at IANL had been placed on the government furlough scheme and as more information became available regarding the virus and the government published medical guidelines this helped plan a coordinated response.

In the initial period of the first lockdown from March to July 2020, IANL organised a community support group where members of IANL assisted the most vulnerable in the community with essential items such as food and medicine.

IANL developed its online platform to continue community engagement at a vital time where members of the community were unable to meet. This helped keep communication channels open and allowed the community to feel they were still part of IANL.

After putting together a detailed risk assessment, taking into account Sharia principles, medical advice and government guidelines, IANL reopened in August 2020 with safety measures, such as social distancing, in place throughout the centre. Wudhu facilities were kept closed and attendees were obliged to bring with them essential items such as a face mask, a prayer mat, and a bag for their shoes.

IANL continues to monitor new guidelines issued by the government and public health authorities updating its working practices accordingly.

Financial review

The results of IANL are shown in the attached financial statements. The net surplus for the year was £567,169 (2020: £842,477) as detailed in the Statement of Financial Activities.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Reserves policy

The trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months of charity's unrestricted expenditure, net of fixed investment income. The trustees consider that, in the event of a downturn in the receipt of donations, this level will provide necessary funds to ensure that support and governance costs are covered. The trustees consider that this level is sufficient, given the continuing returns from the investments and as the giving of donations' tradition is strong in the community of such a faith-based organisation.

Principal funding sources

The principal funding sources for the unrestricted funds are the general collections, standing orders, gift aid and investment income. In addition IANL has collected restricted funds for the extension appeal as well as restricted Sadaqah and Zakat funds which have been used towards providing financial aid as disclosed further in the Trustees' Report.

IANL raised £363,635 through voluntary donations in the year.

Fundraising from individuals is carefully controlled following internal processes and all public donations involve individuals directly approaching the charity. No professional fundraisers have been used and no undue pressure has been placed on any individual to donate to the charity.

Investment policy and objectives

IANL operates an investment policy to grow the assets so that returns can be used to further its aims as set out in the constitution document and activities, as well as to meet the Charity's costs. The investment level of the Charity is determined by the Board of Trustees, weighing all the appropriate options and being cognisant of IANL's risk appetite which very low, and in the pursuit of IANL's long and short term objectives as set and reviewed by the Board of Trustees from time to time.

IANL properties

At the year-end IANL had invested approximately £2.4m in income generating residential properties, yielding a return of approximately 4.3% on year end value.

The residential properties currently owned by IANL are in the close vicinity to the main mosque building. Subsequent to the year end, IANL has acquired one further residential property, in the same vicinity, for a total consideration of approximately £0.25m.

Some of the properties are currently in the names of trustees and former trustees. These are held under legally binding contracts and trust deeds. IANL has instructed its solicitors to transfer the properties to IANL CIO. The process is expected to be completed in the foreseeable future.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Risk Management

The trustees and management of IANL believe that sound risk management is integral to both good management and good governance practice. Risk management forms an integral part of the charity's decision-making and is incorporated within strategic and operational planning. Risk assessment will be conducted on all new activities and projects to ensure they are in line with the charity's objectives and mission. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level. A risk register covering key strategic risks will be maintained and updated quarterly and more frequently where risks are known to be volatile. A more detailed IANL operational risk register will be maintained by each sub-committee in aspects where this is considered appropriate, taking account of the impact of potential risk and the cost benefit of the exercise. IANL will regularly review and monitor the effectiveness of its risk management framework and update it as necessary and considered appropriate. The next review is scheduled for Q3 2022.

Plans for future periods

IANL will focus its efforts in the coming year on re-establishing its services that were suspended due to Covid-19 and develop its existing operating mechanisms to better its output and serve the community more effectively.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management

The charity is a charitable incorporated organisation (CIO).

The charity trustees manage the affairs of the CIO. There must be at least seven and not more than ten charity trustees appointed at a Biennial AGM. The charity trustees may at any time appoint a new charity trustee ("Co-opted Charity Trustee") provided the number of trustees does not exceed fifteen.

To ensure that IANL's strategic objectives are delivered the trustees have set up four committees to oversee their delivery. These are: Develop, Serve, Educate and Promote.

Develop

The purpose of this committee is to:

- Introduce new services and facilities into IANL
- To help IANL to become financially self sufficient.
- And where applicable expand the physical facilities of the IANL Center.

Serve

The purpose of this committee is to:

- Maintain the services offered by IANL and continuously improve their quality
- Raise the standards at a managerial, administrative, guest services and pedagogical levels.

Educate

The purpose of this committee is to:

- Develop a Centre of Excellence for Islamic Learning and Practice
- Provide educational activities for all demographics

Promote

The purpose of this committee is to:

- Maintain links with other key institutions in Barnet
- Position IANL as an integral part of the local Barnet community

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

Mr Nurul Alam

Mr Alnoor Kara

Mr Umar Khan- Cheema

Mr Mohammed Abdul Basit

Mr Faisal Habib

Mr Shehu Suleiman

Mr Khaled Ahmed

Mr Tehmur Khan

Mr Furkan Shahabuddin

Mr Mohamed Abanur

Trustee appointments

Trustees stand for election at an AGM every 2 years. Ballot papers are prepared following receipt of nominations from members of the CIO and the election is overseen by an independent election commissioner. A maximum of 10 Trustees can be appointed at each election. The next Election is scheduled to be held during the January 2022 AGM.

The election commissioner also oversees the election of the President by members of the CIO at the same AGM. Candidates for President must have been elected as a Trustee.

Prior to their appointment, trustees attend an introductory session on the responsibilities and expectations of a trustee at IANL. They are made aware of the aims and objectives of the charity, policies and procedures as well as characteristics and behaviours expected of them when conducting their work at IANL. They are then paired with an existing trustee to help adjust to IANL working practices.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

New trustees receive a copy of the Constitution of the charity, the latest audited financial statements, access to Board minutes, the Charity Commission guidance 'The Essential Trustee' and recent publications. The Trustees are actively encouraged to identify any training they may need. The trustees are kept up-to-date with training opportunities and changes in regulatory standards.

Going Concern

The Trustees have considered the effect of the Covid-19 outbreak that has been spreading throughout the world in early 2020 with regard to the charity's activities. The outbreak has had an impact on the charity's income and activities, however the investment income was unaffected and was able to support the operational costs of IANL. As required by national guidance the charity has gone through periods of closure and restricted activities.

The regular activities of the charity has since the year end been severely curtailed. The Trustees keep under review and assess which activities can begin on a case by case basis, taking into account all the risks associated with such activities.

The Trustees have taken a number of measures to monitor and mitigate the effects of Covid-19 such as health and safety measures for our staff and congregant including social distancing, use of face masks and regular cleaning.

IANL Trustees will continue to monitor and take appropriate actions to ensure that the IANL activities are resumed safely when permitted to do so.

Whilst the outbreak has caused disruption to IANL's income and activities, the Trustees remain confident that IANL will be able to continue its operations.

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

Mr Tehmur Khan

Trustee

Dated: 21 December 2021

ISLAMIC ASSOCIATION OF NORTH LONDON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

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;
- make judgements 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 Charity (Accounts and Reports) Regulations 2008 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.

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

Opinion

We have audited the financial statements of Islamic Association of North London (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the 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 charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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.

Emphasis of matter

We draw attention to Note 12,13 and 17 of the financial statements, which describes the ownership of certain fixed assets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other information

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

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

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; 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.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statement to material misstatement and how fraud might occur, including through discussions with the trustees, discussions with our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussion with trustees and by updating of the sector in the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, Financial Reporting Standard 102 and employment law.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company records of breaches of laws and regulations, minutes of meetings and correspondence to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

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

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

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)" (as amended) 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 Generally Accepted Accounting Practice.

Tariq Mushtaq (Senior Statutory Auditor)
for and on behalf of ZAM Mushtaq Ltd

21 December 2021

Chartered Certified Accountants
Statutory Auditor

First Floor
2 Woodberry Grove
London
N12 0DR

ZAM Mushtaq Ltd 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.

ISLAMIC ASSOCIATION OF NORTH LONDON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
Income from:							
Donations and legacies	3	534,160	123,121	657,281	305,824	876,281	1,182,105
Charitable activities	4	22,649	-	22,649	71,442	-	71,442
Investment income	5	93,264	-	93,264	71,636	-	71,636
Total income		650,073	123,121	773,194	448,902	876,281	1,325,183
Expenditure on:							
Charitable activities	6	192,396	32,100	224,496	237,294	145,412	382,706
Net gains/(losses) on investments	11	18,471	-	18,471	(100,000)	-	(100,000)
Net incoming resources before transfers		476,148	91,021	567,169	111,608	730,869	842,477
Gross transfers between funds		400,000	(400,000)	-	-	-	-
Net movement in funds		876,148	(308,979)	567,169	111,608	730,869	842,477
Fund balances at 1 April 2020		2,964,068	1,123,021	4,087,089	2,852,460	392,152	3,244,612
Fund balances at 31 March 2021		3,840,216	814,042	4,654,258	2,964,068	1,123,021	4,087,089

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

All income and expenditure derive from continuing activities.

ISLAMIC ASSOCIATION OF NORTH LONDON

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	1,092,930		1,103,633	
Investment properties	13	2,415,000		1,675,000	
		<u>3,507,930</u>		<u>2,778,633</u>	
Current assets					
Debtors	14	117,862		41,628	
Cash at bank and in hand		1,113,541		1,396,693	
		<u>1,231,403</u>		<u>1,438,321</u>	
Creditors: amounts falling due within one year	15	<u>(85,075)</u>		<u>(129,865)</u>	
Net current assets		1,146,328		1,308,456	
Total assets less current liabilities		<u>4,654,258</u>		<u>4,087,089</u>	
Income funds					
Restricted funds		814,042		1,123,021	
Unrestricted funds		3,840,216		2,964,068	
		<u>4,654,258</u>		<u>4,087,089</u>	

The financial statements were approved by the Trustees on 21 December 2021

Mr Nurul Alam
Trustee

Mr Faisal Habib
Trustee

ISLAMIC ASSOCIATION OF NORTH LONDON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	19		346,443		893,683
Investing activities					
Purchase of tangible fixed assets		(1,330)		(214)	
Purchase of investment property		(721,529)		-	
Investment income received		93,264		71,636	
Net cash (used in)/generated from investing activities			(629,595)		71,422
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(283,152)		965,105
Cash and cash equivalents at beginning of year			1,396,693		431,588
Cash and cash equivalents at end of year			1,113,541		1,396,693

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Islamic Association of North London is a Charitable Incorporated Organisation (CIO). The registered office is 685 High Road, North Finchley, London N12 0DA.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's constitution, 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)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements 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 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention, modified to include 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 Going concern

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

1.3 Charitable funds

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

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

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

1.4 Income

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

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

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

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Government grants received in relation to coronavirus job retention scheme are credited to profit and loss account.

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities. Expenditure is recognised when the following criteria are met:

there is a present legal or constructive obligation resulting from a past event
it is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
the amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.6 Tangible fixed assets

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

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

Freehold property	2% on cost
Fixtures and fittings	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Impairment of fixed assets

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

1.9 Cash and cash equivalents

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

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Financial instruments

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

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

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

Basic financial assets

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Employee benefits

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

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

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical judgements

Asset Lives

The building used as a mosque is written off over 50 years for accounting purposes and fixtures and fittings are written off over 4 years.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Donations and gifts	363,635	37,354	400,989	257,409
Government Grants	62,571	-	62,571	-
Membership fees	1,760	-	1,760	1,893
Gift Aid	105,974	-	105,974	162,897
Extension Fund	-	85,767	85,767	759,412
Other donations	220	-	220	494
	<u>534,160</u>	<u>123,121</u>	<u>657,281</u>	<u>1,182,105</u>
For the year ended 31 March 2020	<u>305,824</u>	<u>876,281</u>		<u>1,182,105</u>
Grants receivable for core activities				
Coronavirus Job Retention Scheme	62,571	-	62,571	-
	<u>62,571</u>	<u>-</u>	<u>62,571</u>	<u>-</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

	Madrassah fees 2021 £	Other income 2021 £	Total 2021 £	Total 2020 £
Performance related grants	-	-	-	11,669
Ancillary income	17,139	5,510	22,649	59,773
	<u>17,139</u>	<u>5,510</u>	<u>22,649</u>	<u>71,442</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

(Continued)

For the year ended 31 March 2020

	CIO Activities	Ramadan Income	Madrassah fees	Youth & Dawah	Nikkah Fee income	Other income	Total 2020
	£	£	£	£	£	£	£
Performance related grants	11,669	-	-	-	-	-	11,669
Ancillary income	-	8,092	39,687	1,795	850	9,349	59,773
	<u>11,669</u>	<u>8,092</u>	<u>39,687</u>	<u>1,795</u>	<u>850</u>	<u>9,349</u>	<u>71,442</u>
	<u><u>11,669</u></u>	<u><u>8,092</u></u>	<u><u>39,687</u></u>	<u><u>1,795</u></u>	<u><u>850</u></u>	<u><u>9,349</u></u>	<u><u>71,442</u></u>
Analysis by fund							
Unrestricted funds	11,669	8,092	39,687	1,795	850	9,349	71,442
	<u>11,669</u>	<u>8,092</u>	<u>39,687</u>	<u>1,795</u>	<u>850</u>	<u>9,349</u>	<u>71,442</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Investment income

	Unrestricted funds	Total
	2021 £	2020 £
Rental income	84,100	69,887
Return on monies on deposit	9,164	1,749
	<u>93,264</u>	<u>71,636</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Charitable activities

	CIO activities 2021 £	Ramadan Expenditure 2021 £	Madrassah Expenditure 2021 £	Total 2021 £	Total 2020 £
Staff costs	140,741	-	-	140,741	151,939
Depreciation and impairment	12,033	-	-	12,033	11,750
Bank charges	564	-	-	564	1,490
Cleaning materials	881	-	-	881	1,833
Computer and software expenses	6,985	-	-	6,985	7,068
Events, food costs and ancillary activities	636	-	-	636	23,417
Friday Imams travel expenses	-	-	-	-	200
Legal & Professional front extension	660	-	-	660	2,418
Insurance	2,083	-	-	2,083	2,024
Investment property repairs and other expenses	16,654	-	-	16,654	11,440
Light, heat and power for main premises	3,658	-	-	3,658	7,658
Printing, postage and stationery	398	-	-	398	1,181
Water rates	2,084	-	-	2,084	3,140
Repairs and maintenance for main premises	2,700	-	-	2,700	10,182
Sundry expenses	2,700	-	-	2,700	3,372
Telephone and broadband	504	-	-	504	407
Waste collection	929	-	-	929	1,099
Other charitable expenditure	296	-	-	296	-
	<u>194,506</u>	<u>-</u>	<u>-</u>	<u>194,506</u>	<u>240,618</u>
Grant funding of activities (see note 7)	25,960	-	-	25,960	139,088
Share of governance costs (see note 8)	4,030	-	-	4,030	3,000
	<u>224,496</u>	<u>-</u>	<u>-</u>	<u>224,496</u>	<u>382,706</u>
Analysis by fund					
Unrestricted funds	192,396	-	-	192,396	237,294
Restricted funds	32,100	-	-	32,100	145,412
	<u>224,496</u>	<u>-</u>	<u>-</u>	<u>224,496</u>	<u>382,706</u>
For the year ended 31 March 2020					
Unrestricted funds	215,422	18,059	3,813		237,294
Restricted funds	145,412	-	-		145,412
	<u>360,834</u>	<u>18,059</u>	<u>3,813</u>		<u>382,706</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Grants payable

	Charitable Grant Funding of activities 2021 £	Charitable Grant Funding of activities 2020 £
Grants to institutions:		
African Development Trust	-	2,500
Imran Khan Cancer Hospital	-	2,500
Interpal	-	2,500
Syria Relief	-	2,500
Homeless Action in Barnet (HAB)	-	1,400
Appeals by Third Party UK charities in Ramadan	-	59,699
Other	-	2,695
	<hr/>	<hr/>
	-	73,794
Grants to individuals	25,960	65,294
	<hr/>	<hr/>
	25,960	139,088
	<hr/> <hr/>	<hr/> <hr/>

8 Support costs

	Governance costs £	2021 £	2020 £
Audit fees	4,030	4,030	3,000
	<hr/>	<hr/>	<hr/>
	4,030	4,030	3,000
	<hr/>	<hr/>	<hr/>
Analysed between Charitable activities	4,030	4,030	3,000
	<hr/>	<hr/>	<hr/>

9 Trustees

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

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Imams, administrative, madrassa and support staff	20	20

Employment costs

	2021 £	2020 £
Wages and salaries	137,053	146,266
Social security costs	3,688	5,673
	140,741	151,939

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

11 Net gains/(losses) on investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Revaluation of investments	18,471	(100,000)

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost			
At 1 April 2020	1,109,434	21,279	1,130,713
Additions	-	1,330	1,330
	<u>1,109,434</u>	<u>22,609</u>	<u>1,132,043</u>
At 31 March 2021	1,109,434	22,609	1,132,043
Depreciation and impairment			
At 1 April 2020	17,977	9,103	27,080
Depreciation charged in the year	8,989	3,044	12,033
	<u>26,966</u>	<u>12,147</u>	<u>39,113</u>
At 31 March 2021	26,966	12,147	39,113
Carrying amount			
At 31 March 2021	<u>1,082,468</u>	<u>10,462</u>	<u>1,092,930</u>
At 31 March 2020	<u>1,091,457</u>	<u>12,176</u>	<u>1,103,633</u>

IANL CIO acquired by transfer, the assets and liabilities of the IANL Trust on 1 April 2018. The freehold property ownership at the date of signing the financial statements is still in the name of the holding trustees of the old unincorporated structure. The application to transfer the title deeds has been lodged at the Land Registry and is awaiting due process.

13 Investment property

	2021 £
Fair value	
At 1 April 2020	1,675,000
Additions through external acquisition	721,529
Net gains or losses through fair value adjustments	18,471
	<u>2,415,000</u>
At 31 March 2021	<u>2,415,000</u>

Investment property comprises freehold and long leasehold properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2021 by a local property estate agent, who is not connected with the charity. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

IANL CIO acquired by transfer the assets and liabilities of the IANL Trust on 1 April 2018. At the date of signing the financial statements, ownership of the investment properties bought since 1 April 2018 are held in the names of former and current trustees of the CIO. A Trust Deed is in place for each of the investment properties whereby these properties are held in Trust for the charity.

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Investment property (Continued)

	2021 £	2020 £
Freehold	1,715,000	725,000
Long leasehold	700,000	950,000
	<u>2,415,000</u>	<u>1,675,000</u>

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	2,262	6,234
Prepayments and accrued income	115,600	35,394
	<u>117,862</u>	<u>41,628</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	77,915	121,465
Accruals and deferred income	7,160	8,400
	<u>85,075</u>	<u>129,865</u>

Included in other creditors is an amount of £77,000 (£120,500) relating to Qard Hasana loan which is unsecured and repayable on demand.

16 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	1,092,930	-	1,092,930	1,103,633	-	1,103,633
Investment properties	2,415,000	-	2,415,000	1,675,000	-	1,675,000
Current assets/ (liabilities)	332,286	814,042	1,146,328	185,435	1,123,021	1,308,456
	<u>3,840,216</u>	<u>814,042</u>	<u>4,654,258</u>	<u>2,964,068</u>	<u>1,123,021</u>	<u>4,087,089</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Related party transactions

Mr PA Sufi (former trustee), Mr M Rashid (former trustee), Mr E Hosany (former trustee), and Mr N Alam (current trustee) hold the title to the investment properties in trust on behalf of the charity.

18 Transfers from Restricted Funds

There was a transfer of £400,000 from restricted funds to general funds in the year.

19 Cash generated from operations	2021 £	2020 £
Surplus for the year	567,169	842,477
Adjustments for:		
Investment income recognised in statement of financial activities	(93,264)	(71,636)
Fair value gains and losses on investments	(18,471)	100,000
Depreciation and impairment of tangible fixed assets	12,033	11,750
Movements in working capital:		
(Increase)/decrease in debtors	(76,234)	6,361
(Decrease)/increase in creditors	(44,790)	4,731
Cash generated from operations	346,443	893,683

20 Analysis of changes in net funds

The charity had no debt during the year.