

ISLAMIC ASSOCIATION OF NORTH LONDON
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



ISLAMIC ASSOCIATION OF NORTH LONDON

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr M Abanur
Mr M Abdul Basit
Mr N Alam
Mr F Habib
Mr T Khan
Dr U Khan-Cheema
Mr F Shahabuddin
Mr S Suleiman

Charity number

1173839

Auditor

SBM Associates Limited
24 Wandsworth Road
London
SW8 2JW

ISLAMIC ASSOCIATION OF NORTH LONDON

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ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

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

Resuming services

The main focus for IANL coming out of the pandemic was to resume services that had previously been suspended. The key services that were introduced were: all prayers in congregation including Friday/Jummah and Eid, IANL Academy weekday classes, staff presence and operational meetings, hospital and hospice chaplaincy, the Mini Muslims playgroup, and classes covering various topics.

Financial Aid

IANL provides grants to Muslims of Barnet who are in poverty for basic essentials such as shelter, rent, furniture, utility bills, food, clothing, debt relief etc. These grants bring temporary relief from financial strains and enable people to get on the path to being financially independent. During the year, IANL had a number of successful grant applications which have made a significant impact on the applicants' quality of life and their physical and mental wellbeing.

Matrimonial Service

IANL opened a matrimonial service to help Muslim men and women in their search for a spouse recognising that marriage is the bedrock of the community and a fundamental part of the Islamic faith. Participants must go through a sign-up process before being added onto the matrimonial portal.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The Front Extension

Following the grant of planning permission for the Phase 2 Extension and the finalisation of the S106 Agreement, progress has been made to appoint architects and other professionals such as Structural Engineers, Quantity Surveyor and Electrical and Mechanical Engineers pursuant to a competitive procurement process. The architect and the other professionals have commenced work to finalise the internal building layout with a view to freezing the plans. They are working towards creating a tender pack for inviting building contractors to provide a quote for the build project during the first half of 2023.

Volunteering

IANL recognises the extraordinary contributions of its volunteers who work tirelessly to serve the local community and push IANL to new heights. A new volunteer portal has been set up to ease the process of connecting people with activities and services for the community. A number of projects have greatly benefited from this portal including services provided in Ramadan and Eid. Volunteers' time and skills are fundamental to the continuing success of IANL operations and they are appreciated through the annual volunteer dinners.

Youth Activities

Over the years, IANL has set up and supported many youth initiatives ranging from education to social and recreational activities. IANL held competitions during the winter holidays with prizes for the winners. IANL will look to increase the number of activities it provides for the youth in the near future.

School Visits

Learning about the major religions of the world is part of the school curriculum. IANL facilitates the learning process by inviting local schools for a tour of the mosque and an immersive presentation on Islam and its main tenets. Since reopening, IANL has received and facilitated a number of schools from the local area.

Pastoral care - counselling and community support

IANL provides counselling and support to the community going through hardships and difficulties. Imams help people move forward and provide space and time for people to work through their problems in order to get to and regain wellbeing and balance in a person's life. IANL provides 1-on-1 counselling, bereavement support, and marriage counselling.

Online services

IANL continues to provide beneficial content online through streaming platforms and social media, connecting with the community wherever they are. IANL has a wealth of content delivered by its Imams and external speakers that the community can benefit from. A podcast has been created as a platform to share content for the benefit of everyone with regular updates.

IANL Academy

Over the course of the year, IANL Academy provided weekday madrasah classes 3 times per week to approximately 75 children from within the local community aged between 6 – 16yrs. The students were enrolled in classes that incorporated (1) the basics of how to read the Quran; and (2) age-appropriate Islamic studies material.

Although IANL Academy operates within a fee-based structure to cover its costs, there is a built-in allowance for up to 10% of its places to be provided with significant discounts for those parents experiencing financial hardship. A number of parents have applied & benefited from this available financial assistance.

Financial review

The results of IANL are shown in the attached financial statements. The net surplus for the year was £510,381 (2021: £567,169) as detailed in the Statement of Financial Activities.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

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, Zakat, Fitrana and Fidyah funds which have been used towards providing financial aid as disclosed further in the Trustees' Report.

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, 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 is 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 £2.9m in income generating residential properties, yielding a return of approximately 3.5% on year end value.

The residential properties, currently owned by IANL, are in close vicinity to the main mosque building. During the year, 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 over a period of time.

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 is being drafted and will be maintained by Operations 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 2023.

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.

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.

The day to day running of IANL is carried out by the Operations function managed by the IANL Director.

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

Mr M Abanur

Mr M Abdul Basit

Mr N Alam

Mr F Habib

Mr T Khan

Dr U Khan-Cheema

Mr F Shahabuddin

Mr S Suleiman

Mr K Ahmed

(Retired 27 January 2022)

Mr A Kara

(Retired 27 January 2022)

ISLAMIC ASSOCIATION OF NORTH LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 2024 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.

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 .

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

Mr Tehmur Khan
Trustee

9 January 2023

ISLAMIC ASSOCIATION OF NORTH LONDON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 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.

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.

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.

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

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.

Our approach was as follows:

To identify risks of material misstatement due to irregularities we assessed events or conditions that could lead to irregularities. Our risk assessment procedures included:

- Enquiring of Trustees and management and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect irregularities, as well as whether they have knowledge of any actual, suspected, or alleged fraud or breaches of relevant laws and regulations.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the Trustees and management (as required by auditing standards). We communicated with the Trustees and management the policies and procedures in place regarding compliance with laws and regulations.

We identified the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to the Charities Act 2011, The Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (the SORP), and relevant tax legislation.

In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the Charity's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit cannot be relied upon to detect that breach.

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

We communicated identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above and assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The engagement partner considers the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

As required by auditing standards and considering possible pressures to meet internal key performance indicators and our knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income is recorded in the incorrect accounting period and the risk that management may be able to make inappropriate accounting entries.

We assessed the risks of material misstatement in respect of fraud as follows:

- Our audit team discussed whether there were any areas that were susceptible to misstatement as part of our discussion on fraud;
- We challenged assumptions and judgements made by management in their significant accounting estimates and judgements.

Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud, including, designing appropriate audit procedures, including:

- Incorporating an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures.
- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation;
- Inspecting the relevant income agreements and their accounting to confirm their recognition in line with the SORP for different revenue streams;
- Obtaining third party bank confirmations; and
- Assessing the design and effectiveness of controls in place over areas such as procurement and cash.

We considered the extent to which the audit was considered capable of detecting irregularities: There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>.

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)" (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.

ISLAMIC ASSOCIATION OF NORTH LONDON

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ISLAMIC ASSOCIATION OF NORTH LONDON

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen McAlpine (Senior Statutory Auditor)
for and on behalf of SBM Associates Limited

9 January 2023

Chartered Accountants
Statutory Auditor

24 Wandsworth Road
London
SW8 2JW

SBM Associates Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under 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 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Income from:							
Donations and legacies	3	210,613	139,481	350,094	534,160	123,121	657,281
Charitable activities	4	47,110	-	47,110	22,649	-	22,649
Investments	5	111,928	-	111,928	93,264	-	93,264
Total income		369,651	139,481	509,132	650,073	123,121	773,194
Expenditure on:							
Charitable activities	6	202,158	28,257	230,415	192,396	32,100	224,496
Net gains/(losses) on investments	10	231,664	-	231,664	18,471	-	18,471
Net incoming resources before transfers		399,157	111,224	510,381	476,148	91,021	567,169
Gross transfers between funds		(80,188)	80,188	-	400,000	(400,000)	-
Net movement in funds		318,969	191,412	510,381	876,148	(308,979)	567,169
Fund balances at 1 April 2021		3,840,216	814,042	4,654,258	2,964,068	1,123,021	4,087,089
Fund balances at 31 March 2022		4,159,185	1,005,454	5,164,639	3,840,216	814,042	4,654,258

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	1,092,652		1,092,930	
Investment properties	12	2,900,000		2,415,000	
		<u>3,992,652</u>		<u>3,507,930</u>	
Current assets					
Debtors	13	31,595		117,862	
Cash at bank and in hand		1,173,864		1,113,541	
		<u>1,205,459</u>		<u>1,231,403</u>	
Creditors: amounts falling due within one year	14	(33,472)		(85,075)	
Net current assets		<u>1,171,987</u>		<u>1,146,328</u>	
Total assets less current liabilities		<u>5,164,639</u>		<u>4,654,258</u>	
Income funds					
Restricted funds		1,005,454		814,042	
Unrestricted funds		4,159,185		3,840,216	
		<u>5,164,639</u>		<u>4,654,258</u>	

The financial statements were approved by the Trustees on 9 January 2023

Mr F Habib
Trustee

Mr F Shahabuddin
Trustee

ISLAMIC ASSOCIATION OF NORTH LONDON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	17		213,058		346,443
Investing activities					
Purchase of tangible fixed assets		(11,327)		(1,330)	
Purchase of investment property		(253,336)		(721,529)	
Investment income received		111,928		93,264	
Net cash used in investing activities			(152,735)		(629,595)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			60,323		(283,152)
Cash and cash equivalents at beginning of year			1,113,541		1,396,693
Cash and cash equivalents at end of year			1,173,864		1,113,541

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Islamic Association of North London is a Charitable Incorporated Organisation(CIO).

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's constitution, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") 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)" (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 investment properties 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 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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 buildings	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 the statement of financial activities.

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.

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.

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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.

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Donations and gifts	210,613	139,481	350,094	534,160	123,121	657,281
Donations and gifts						
Donations and gifts	166,188	64,217	230,405	363,635	37,354	400,989
Coronavirus Job Retention Scheme grants	23,497	-	23,497	62,571	-	62,571
Membership fees	1,496	-	1,496	1,760	-	1,760
Gift Aid	19,432	-	19,432	105,974	-	105,974
Extension Fund	-	75,264	75,264	-	85,767	85,767
Other	-	-	-	220	-	220
	210,613	139,481	350,094	534,160	123,121	657,281

4 Charitable activities

	Other income	Madrassah fees	Total	Other income	Madrassah fees	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Ancillary income	17,109	30,001	47,110	5,510	17,139	22,649

5 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Rental income	104,843	84,100
Profit on cash deposits	7,085	9,164
	111,928	93,264

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

6 Charitable activities

	Charitable grant funding of activities 2022 £	Charitable grant funding of activities 2021 £
Staff costs	139,106	140,741
Depreciation	11,605	12,033
Bank charges	1,852	564
Cleaning materials & waste collection	2,037	1,810
Computer and software expenses	706	6,985
Events, food costs and ancillary activities	509	636
Madrassah expenses	2,618	-
Legal & Professional	860	660
Insurance	2,541	2,083
Investment property repairs and other expenses	13,361	16,654
Light, heat and power for main premises	5,287	3,658
Printing, postage and stationery	563	398
Water rates	594	2,084
Repairs and maintenance from main premises	6,378	2,700
Ramadan expenses	2,562	-
Telephone and broadband	391	504
Other charitable expenditure	3,773	2,996
	<u>194,743</u>	<u>194,506</u>
Grant funding of activities (see note 7)	28,257	25,960
Governance costs (Audit fees)	7,415	4,030
	<u>230,415</u>	<u>224,496</u>
Analysis by fund		
Unrestricted funds	202,158	192,396
Restricted funds	28,257	32,100
	<u>230,415</u>	<u>224,496</u>

7 Grants payable

	Charitable grant funding of activities 2022 £	Charitable grant funding of activities 2021 £
Grants to individuals	28,257	25,960
	<u>28,257</u>	<u>25,960</u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Trustees

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

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	16	20
	<u> </u>	<u> </u>
Employment costs	2022	2021
	£	£
Wages and salaries	135,243	137,053
Social security costs	3,839	3,688
Other pension costs	24	-
	<u> </u>	<u> </u>
	139,106	140,741
	<u> </u>	<u> </u>

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

10 Net gains on investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Revaluation of investments	231,664	18,471
	<u> </u>	<u> </u>

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

	Freehold buildings £	Assets under construction £	Fixtures and fittings £	Total £
Cost				
At 1 April 2021	1,109,434	-	22,609	1,132,043
Additions	-	10,762	565	11,327
At 31 March 2022	1,109,434	10,762	23,174	1,143,370
Depreciation and impairment				
At 1 April 2021	26,966	-	12,147	39,113
Depreciation charged in the year	8,989	-	2,616	11,605
At 31 March 2022	35,955	-	14,763	50,718
Carrying amount				
At 31 March 2022	1,073,479	10,762	8,411	1,092,652
At 31 March 2021	1,082,468	-	10,462	1,092,930

12 Investment property

	2022 £
Fair value	
At 1 April 2021	2,415,000
Additions through external acquisition	253,336
Net gains or losses through fair value adjustments	231,664
At 31 March 2022	2,900,000

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 31/03/2022 by a local property estate agent (Ellis & Co Estate and Letting Agents), 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.

	2022 £	2021 £
Freehold	2,150,000	1,715,000
Long leasehold	750,000	700,000
	2,900,000	2,415,000

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	-	2,262
Prepayments and accrued income	31,595	115,600
	<u>31,595</u>	<u>117,862</u>

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Other creditors	27,415	77,915
Accruals and deferred income	6,057	7,160
	<u>33,472</u>	<u>85,075</u>

Included in other creditors is an amount of £26,500 (2021: £77,000) relating to Qard Hasana loan which is unsecured and repayable on demand.

15 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 March 2022 are represented by:						
Tangible assets	1,092,652	-	1,092,652	1,092,930	-	1,092,930
Investment properties	2,900,000	-	2,900,000	2,415,000	-	2,415,000
Current assets/(liabilities)	166,533	1,005,454	1,171,987	332,286	814,042	1,146,328
	<u>4,159,185</u>	<u>1,005,454</u>	<u>5,164,639</u>	<u>3,840,216</u>	<u>814,042</u>	<u>4,654,258</u>

16 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

ISLAMIC ASSOCIATION OF NORTH LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17	Cash generated from operations	2022 £	2021 £
	Surplus for the year	510,381	567,169
	Adjustments for:		
	Investment income recognised in statement of financial activities	(111,928)	(93,264)
	Fair value gains and losses on investments	(231,664)	(18,471)
	Depreciation and impairment of tangible fixed assets	11,605	12,033
	Movements in working capital:		
	Decrease/(increase) in debtors	86,267	(76,234)
	(Decrease) in creditors	(51,603)	(44,790)
	Cash generated from operations	213,058	346,443
		<hr/>	<hr/>
18	Analysis of changes in net funds		
	The charity had no debt during the year.		