

Charity registration number: 1181445

Arrahma Islamic centre (CIO)

Annual Report and Financial Statements
for the Year Ended 31 March 2021

Arrahma Islamic centre (CIO)

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Arrahma Islamic centre (CIO)

Reference and Administrative Details

Trustees	Abdi Karim Hassan Osman Ali Farah Abdulkarim Hirsi Salad Muhyadin Mahad Shafad Abdullahi Hashi Kheyre Abdirahman Mahamud Hersi
Principal Office	29 Whitmore road Birmingham B10 0NR
Charity Registration Number	1181445
Solicitors	John & Sagger Solicitors 34 - 36 Gray Inn Road London WC1X 8HR
Auditor	TBC

Arrahma Islamic centre (CIO)

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2021.

Objectives and activities

Objects and aims

To promote any charitable purposes for the benefit of the community in Birmingham.

To advance the Islamic religion, and any other charitable purposes which the trustees from time to time determine are suitable including the relief of poverty and sickness, the promotion of education and the provision in the interests of social welfare of recreational facilities.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

The charity is a converted incorporated entity of Arrahma Trust (Charity no 1110987), a charitable trust.

In order to complete the conversion, the Trust (Charity no 1110987) transferred its buildings and long-term liabilities to the charity during the prior year accounting period. The Trust is yet to transfer its bank accounts, projects, and staff to the charity.

As a result, the charity has not operated any projects during the year. The only activity was the use of its building by the Trust (Charity no 1110987).

Financial review

Policy on reserves

The Trustees consider the level of held reserves to be adequate.

Structure, governance and management

Nature of governing document

The charity is a Charity Incorporated Organisation (CIO - Foundation) and registered with the Charity Commission on the 07 Jan 2019 (new Charity reg 1181445).

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

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Trustees' Report

Cash flow risk

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

The annual report was approved by the trustees of the charity on 28/01/22 and signed on its behalf by:


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Muhyadin Mahad Shafad
Trustee

Arrahma Islamic centre (CIO)

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities 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 period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the 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 business.

The trustees are responsible for keeping proper 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 applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Statement of Financial Activities for the Year Ended 31 March 2021


	Note	Unrestricted funds £	Total 31 March 2021 £
Income and Endowments from:			
Expenditure on:			
Charitable activities		(51,223)	(51,223)
Total expenditure		(51,223)	(51,223)
Net expenditure		(51,223)	(51,223)
Net movement in funds		(51,223)	(51,223)
Reconciliation of funds			
Total funds brought forward		2,140,659	2,140,659
Total funds carried forward	9	2,089,436	2,089,436
		Unrestricted funds £	Total 31 March 2020 £
Income and Endowments from:			
Donations and legacies		2,193,382	2,193,382
Total income		2,193,382	2,193,382
Expenditure on:			
Charitable activities		(52,723)	(52,723)
Total expenditure		(52,723)	(52,723)
Net income		2,140,659	2,140,659
Net movement in funds		2,140,659	2,140,659
Reconciliation of funds			
Total funds carried forward	9	2,140,659	2,140,659

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2020 is shown in note 9.

Arrahma Islamic centre (CIO)
(Registration number: 1181445)
Balance Sheet as at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Fixed assets			
Tangible assets	7	2,369,936	2,421,159
Creditors: Amounts falling due within one year	8	<u>(280,500)</u>	<u>(280,500)</u>
Net assets		<u>2,089,436</u>	<u>2,140,659</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>2,089,436</u>	<u>2,140,659</u>
Total funds	9	<u>2,089,436</u>	<u>2,140,659</u>

The financial statements on pages 5 to 11 were approved by the trustees, and authorised for issue on 28/01/22 and signed on their behalf by:



 Muhyadin Mahad Shafad
 Trustee

Arrahma Islamic centre (CIO)

Notes to the Financial Statements for the Year Ended 31 March 2021

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Arrahma Islamic centre (CIO) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Arrahma Islamic centre (CIO)

Notes to the Financial Statements for the Year Ended 31 March 2021

Charitable activities

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

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £0.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Arrahma Islamic centre (CIO)

Notes to the Financial Statements for the Year Ended 31 March 2021

2 Income from donations and legacies

	Total	Total
	31 March 2021	7 January 2019 to 31 March 2020
	£	£
Grants, including capital grants;		
Grants from other charities	-	2,193,382
	-	2,193,382

3 Expenditure on charitable activities

	Unrestricted funds	Total	Total
	General	31 March 2021	7 January 2019 to 31 March 2020
	£	£	£
Depreciation, amortisation and other similar costs	51,223	51,223	51,223
Governance costs	-	-	1,500
	51,223	51,223	52,723

4 Analysis of governance and support costs

Governance costs

	Total	Total
	31 March 2021	7 January 2019 to 31 March 2020
	£	£
Audit fees		
Audit of the financial statements	-	1,500
	-	1,500

5 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	31 March 2021	31 March 2020
	£	£
Audit fees	-	1,500
Depreciation of fixed assets	51,223	51,223

Arrahma Islamic centre (CIO)

Notes to the Financial Statements for the Year Ended 31 March 2021

6 Taxation

The charity is a registered charity and is therefore exempt from taxation.

7 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2020	2,401,000	15,782	4,377	2,421,159
At 31 March 2021	2,401,000	15,782	4,377	2,421,159
Depreciation				
Charge for the year	49,000	1,128	1,095	51,223
At 31 March 2021	49,000	1,128	1,095	51,223
Net book value				
At 31 March 2021	2,352,000	14,654	3,282	2,369,936
At 31 March 2020	2,401,000	15,782	4,377	2,421,159

8 Creditors: amounts falling due within one year

	31 March 2021 £	31 March 2020 £
Other creditors	279,000	279,000
Accruals	1,500	1,500
	<u>280,500</u>	<u>280,500</u>

9 Funds

	Balance at 1 April 2020 £	Resources expended £	Balance at 31 March 2021 £
Unrestricted funds			
General	2,140,659	(51,223)	2,089,436

Arrahma Islamic centre (CIO)

Notes to the Financial Statements for the Year Ended 31 March 2021

	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Unrestricted funds			
General	<u>2,193,382</u>	<u>(52,723)</u>	<u>2,140,659</u>

10 Analysis of net assets between funds

	Unrestricted funds General £	Total funds 31 March 2021 £
Tangible fixed assets	2,369,936	2,369,936
Current liabilities	<u>(280,500)</u>	<u>(280,500)</u>
Total net assets	<u>2,089,436</u>	<u>2,089,436</u>

	Unrestricted funds General £	Total funds 7 January 2019 to 31 March 2020 £
Tangible fixed assets	2,421,159	2,421,159
Current liabilities	<u>(280,500)</u>	<u>(280,500)</u>
Total net assets	<u>2,140,659</u>	<u>2,140,659</u>