



**THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON**

*Registered Charity in UK No. 288356*

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2022**

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## CONTENTS

	<b>Page no</b>
Legal and Administrative Details	3
President's Statement	4
Trustees' Report	5 - 9
Independent Auditors' Report	10 - 11
Statement of Financial Activities	12
Balance Sheet	13
Statement of cash flows	14
Notes to the Financial Statements	15 - 23

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## LEGAL & ADMINISTRATIVE DETAILS

<b>Status</b>	The Khoja Shia Ithnaasheri Muslim Community of London is an Unincorporated charitable body governed by its constitution and is constituted as a charitable trust. The constitution was adopted on 2 October 1983 and as amended on 26 March 2017 and on 20 September 2020.																											
<b>Charity Number</b>	288356																											
<b>Registered Office</b>	Husseini Islamic Centre Wood Lane, Stanmore Middx HA7 4LQ																											
<b>Other Names</b>	Husseini Islamic Centre Stanmore Mosque																											
<b>Trustees</b>	<table><tr><td>Sibtain Allibhai</td><td>President &amp; Custodian Trustee (appointed 6 December 2021, reappointed 8 May 2022)</td></tr><tr><td>Sajjad Tejani</td><td>Vice President &amp; Custodian Trustee (appointed 8 May 2022)</td></tr><tr><td>Mohammed Akil Kanani</td><td>Hon. Secretary &amp; Custodian Trustee (appointed Committee Member on 17 May 2022 and as Secretary on 18 July 2022)</td></tr><tr><td>Mohamedasif Riyaz Rajabali</td><td>Asst. Secretary (re appointed 8 May 2022, resigned 5 January 2023, appointed as Committee Member on 5 January 2023)</td></tr><tr><td>Assad Abdulla</td><td>Asst. Secretary (appointed as Committee Member on 8 May 2022 and as Asst Sec on 5 January 2023)</td></tr><tr><td>Mushtakali Kassam</td><td>Hon. Treasurer &amp; Custodian Trustee (appointed 8 May 2022)</td></tr><tr><td>Ali M Ali</td><td>Asst. Treasurer (appointed 8 May 2022)</td></tr><tr><td>Nasima Azim Karim</td><td>Chairlady (reappointed 8 May 2022)</td></tr><tr><td>Sukaina Nurmohamed</td><td>Committee Member (appointed 8 May 2022)</td></tr><tr><td>Tahera Kassam</td><td>Committee Member (appointed 8 May 2022)</td></tr><tr><td>Dr Ali Abbas R Hasham</td><td>Committee Member (appointed 8 May 2022)</td></tr><tr><td>Hasnain Mamdani</td><td>Committee Member (appointed 8 May 2022)</td></tr><tr><td>Salim Hamir</td><td>Committee Member (appointed 8 May 2022)</td></tr></table>		Sibtain Allibhai	President & Custodian Trustee (appointed 6 December 2021, reappointed 8 May 2022)	Sajjad Tejani	Vice President & Custodian Trustee (appointed 8 May 2022)	Mohammed Akil Kanani	Hon. Secretary & Custodian Trustee (appointed Committee Member on 17 May 2022 and as Secretary on 18 July 2022)	Mohamedasif Riyaz Rajabali	Asst. Secretary (re appointed 8 May 2022, resigned 5 January 2023, appointed as Committee Member on 5 January 2023)	Assad Abdulla	Asst. Secretary (appointed as Committee Member on 8 May 2022 and as Asst Sec on 5 January 2023)	Mushtakali Kassam	Hon. Treasurer & Custodian Trustee (appointed 8 May 2022)	Ali M Ali	Asst. Treasurer (appointed 8 May 2022)	Nasima Azim Karim	Chairlady (reappointed 8 May 2022)	Sukaina Nurmohamed	Committee Member (appointed 8 May 2022)	Tahera Kassam	Committee Member (appointed 8 May 2022)	Dr Ali Abbas R Hasham	Committee Member (appointed 8 May 2022)	Hasnain Mamdani	Committee Member (appointed 8 May 2022)	Salim Hamir	Committee Member (appointed 8 May 2022)
Sibtain Allibhai	President & Custodian Trustee (appointed 6 December 2021, reappointed 8 May 2022)																											
Sajjad Tejani	Vice President & Custodian Trustee (appointed 8 May 2022)																											
Mohammed Akil Kanani	Hon. Secretary & Custodian Trustee (appointed Committee Member on 17 May 2022 and as Secretary on 18 July 2022)																											
Mohamedasif Riyaz Rajabali	Asst. Secretary (re appointed 8 May 2022, resigned 5 January 2023, appointed as Committee Member on 5 January 2023)																											
Assad Abdulla	Asst. Secretary (appointed as Committee Member on 8 May 2022 and as Asst Sec on 5 January 2023)																											
Mushtakali Kassam	Hon. Treasurer & Custodian Trustee (appointed 8 May 2022)																											
Ali M Ali	Asst. Treasurer (appointed 8 May 2022)																											
Nasima Azim Karim	Chairlady (reappointed 8 May 2022)																											
Sukaina Nurmohamed	Committee Member (appointed 8 May 2022)																											
Tahera Kassam	Committee Member (appointed 8 May 2022)																											
Dr Ali Abbas R Hasham	Committee Member (appointed 8 May 2022)																											
Hasnain Mamdani	Committee Member (appointed 8 May 2022)																											
Salim Hamir	Committee Member (appointed 8 May 2022)																											
<b>Bankers</b>	Habib Bank AG Zurich Limited Barclays Bank Plc The Co-operative Bank																											
<b>Auditors</b>	Stephen Coleman Gerald Edelman LLP Cornhill 73 Cornhill London EC3V 3QQ																											

# **THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON**

## **PRESIDENT'S STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

Bismillahirrahmanirahim – I begin in the name of Allah SWT , The Most Merciful , The Most Beneficent.

We are delighted to present to you the audited financial statements for The KSMC of London for the year ended 31 December 2022.

The KSMC of London is fortunate and acknowledges the immense contribution of the dedicated volunteers to provide selfless services to all our members and non members alike. Post Covid our dedicated volunteers have kept activities of the centre ongoing seven days a week catering for members of all ages and genders alike.

Our organisation is a fully registered charity relying heavily on the generous and magnanimous donations from our members and their families. Everyone in some way or the other is a contributor to our centre and this is how we are able to cater for services we provide on a daily basis to infants, children , youths , adults and seniors. Our activities include Religious Education, Marriages, Funerals, Sporting events, Secular education, Tuition centre to name but a few. Both genders benefit from these facilities. This also creates a great community atmosphere in the centre and helps bonding and lasting friendship between the members within it.

I am pleased to report that with the blessings of Allah (swt) and the support of our members the year 2022 has been progressive for our community. In October 2022, we were able to complete on our purchase of Widewater Place Harefield – Hujjat Harefield. A 6.3 acre site with 135,000 sq ft of internal space split between 3 buildings with onsite parking of over 500 cars. This is something we have been aspiring for over a decade but not able to. Hujjat Harefield inshallah will serve many generations to come and will be an icon for our community globally.

We were also able to finally appoint a resident Aalim. Sheikh Anwar Jaffar will help guide our community and be an anchor person for all religious matters. As you are aware we already have a team of ladies Aalima under the Hidayah team serving the ladies & girls of our community.

In regards to Stanmore Refurbishment, its been an on going process but with each passing day, we are inching closer to a settlement and inshallah works will start soon to restore our centre back to its glory. As parts of our building are listed hence the process to get pass the council for any works takes that extra bit longer.

The Covid 19 pandemic has affected many lives and businesses across the world and our charity and members are no exception. As we see the end of this pandemic with the blessings of Allah swt, let's not forget the lives we have lost due to Covid. I request you all to remember them in your prayers. May Allah SWT grant them a lofty station in Paradise. Ameen.

The unavailability of full use of centre and costs of refurbishment has been felt in our finances with a reduction in our unrestricted funds and revenue. In addition, the damage caused to our centre by the storm has increased the financial burden on the Jamaat as not all refurbishment costs will be paid by the insurers. We have continued to facilitate events under a temp marque which also has a substantial cost. I humbly request you to continue to support us by your generous donations and volunteer work for the community.

I would like to thank the members of my executive committee who have worked tirelessly during this period. I would also like to say a big thank you to all Buju's and volunteers who have helped serve this community for the sole pleasure of Allah (swt). May Allah bless you all. Our Volunteers are the heartbeat of this community and we are ever so grateful for their services.

Finally, to our members, please forgive me and my team for any short comings and I pray that we continue to work together and stay united.

Wasalaam

**Sibtain Alibhai**  
**President**  
**The KSMC of London**

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees are pleased to present their annual report and the audited financial statements for the year ended 31 December 2022. The legal and administrative information appearing on page 3 forms a part of this report.

### **Structure, governance and management**

The Charity is an unincorporated Charity governed by its Constitution adopted on 2 October 1983 and as amended on 26 March 2017 and on 20 September 2020, with periodic amendments to the Constitution as disclosed in the Minutes of the relevant general meetings.

In accordance with the provisions in the Constitution, the Trustees are elected every two years. The elections normally take place two weeks prior to the relevant Annual General Meeting. The current executive committee was elected on 8 May 2022.

The Charity is managed by the office bearers and the Executive Committee whose roles are clearly defined in the constitution, and who meet at least 10 times a year.

The Trustees receive information about their role and responsibilities from a range of sources, including the Charity Commission and professional advisors to the Charity. Arrangements are in place for the induction of all newly appointed Trustees who receive a formal induction from the President of the Charity relating to their role and responsibilities as a trustee, prior to their first meeting.

The Charity, although independent, is involved with a wider network of charities. It is a member of a regional council, The Council of European Jamaats (CoEJ) which represents The KSIMC of London at the global organisation, The World Federation of Khoja Shia Ithna-asheri Muslim Communities (WF). Both charities are registered with the Charities Commission in the UK.

The following trustees resigned during the year:

Aqeel Merchant - resigned on 07 March 2022  
Muntazir Aunali Kanji - resigned on 28 March 2022  
Bashir Pirbhai - appointed on 09 March 2022 and resigned on 08 May 2022  
Abbas Ismail - resigned on 08 May 2022  
Muhammad Datoo - resigned on 08 May 2022  
Mumtaz Merali - resigned on 08 May 2022  
Dr Mohammed Asad Abdullah - resigned on 08 May 2022  
Dr Samana Fazel - resigned on 08 May 2022  
Imran Shirazali Mohamedali Gulamhusein - resigned on 08 May 2022  
Shiraz Jamal - resigned on 08 May 2022  
Moshin Kassam - resigned on 27 June 2022

### **Conflicts of Interest**

Trustees and staff are expected to conduct the business of the Charity with integrity at all times. A Conflict of Interest Policy is in place to ensure that there is no personal gain from the Charity's work. All staff and Trustees have to declare their interests. At each Executive Committee meeting the Trustees are expected to inform those present of any interests, and may be asked not to participate during the relevant decision-making process. Any relevant gift or hospitality received by Trustees and staff is also reported to the Executive Committee.

### **Public Benefit Statement**

The Charity is a Public Benefit Entity.

The Trustees have referred to the guidance in the Charity Commission's general guidance on Public Benefit and have complied with the duty in section 17 of the Charities Act 2011 when reviewing the aims and objectives that have been set, and in planning the Charity's future activities.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### **Object, objectives and activities for the public benefit**

The objects for which the Charity has been established is to promote and advance the Islamic Religion in accordance with the principles of the Shia Ithna-Asheri faith and to provide for the relief of poverty among Muslims of the Shia Ithna-Asheri faith.

The Charity through its Executive Committee has the power:

- (a) To encourage the practice of the Islamic Religion as taught by the Shia Ithna-Asheri faith in the City of London, across the UK and throughout the whole world.
- (b) To spread knowledge of the Islamic Religion as taught by the Shia Ithna-Asheri faith with a view to gaining adherents.
- (c) To secure the provision of Mosques and Imambara and to provide for the upkeep restoration and repair of their fabric and the maintenance of the services therein and to supply and embellish the furniture and fittings of such Mosques and Imambara.
- (d) To hold and arrange Islamic Religious services and ceremonies and in particular the performance of nikah.
- (e) To provide religious education in the principles of the Islamic faith as taught by the Shia Ithna-Asheri faith.
- (f) To pay or assist in paying the funeral expenses of deceased Muslims who have died in straitened circumstances.
- (g) To establish, take over, maintain, endow or otherwise assist in the formation of religious or educational establishments where the Islamic Religion is taught in accordance with the principles laid down by the Shia Ithna-asheri faith so long as the objects of such establishments are exclusively charitable.
- (h) To receive donations whether impressed with any special trust (provided such trust is exclusively charitable) or not to be held and applied for the promotion of the Charity.
- (i) To issue appeals for donations and periodical reports on the work of the Charity.
- (j) To do all such others things as shall further the above-mentioned objects.

As a result of the general guidance on public benefit, the Trustees have assessed the objectives as follows:

- Hold regular congregations to observe and propagate the Shia Ithna-Asheri faith;
- Repair and maintain the Charity's listed building where most of the activities take place;
- Produce regular publications;
- Maintain, and enhance, the Charity's website;
- Arrange educational and faith seminars (including inter-faith symposiums);
- Continuously cater for the youth and senior citizens;
- Promote religious education; and
- Enhance relationships within the local community.
- to try and secure separate accomodation for the Membership body

### **Achievements and Performance**

In order to meet the objectives, the Trustees carried out several activities and are pleased to report the following achievements:

- Regular faith based occasions and commemorations held at the centre - weekly, seasonal and occasional;
- Regular Senior Citizens weekly in-person gatherings;
- Provide significant financial and other support for youth development and their social activities;
- Provide support to those most affected in our community by the cost of living crisis;

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

- Continued development of the new CRM Database - Salesforce and Hujjat Website;
- Appointed a resident Alim (Scholar) to guide the community on religious affairs;
- Continued with temporary facilities at Hujjat Stanmore, to host Muharram and Ashre Zainabiyya as well as recent
- Completed the works on the leaning wall;
- Continued with the consultants, and necessary bodies in progressing and completing the Insurance claim for the
- Continuing of internal Hujjat process improvements / modernisation and automation of IT systems;
- Launching Hujjat Maternal Services to those on the motherhood journey from pre-pregnancy until their children
- Completed the historic purchase of a new site for The KSIMC of London in Harefield, London.

These achievements would not have been made without both the commitment and dedication of volunteers and the

### Investment Policy

The funds of the Charity that are not required for immediate application may be invested in such manner as the Trustees, from time to time, may approve.

During the year ended 31 December 2022 the funds were invested in various bank accounts and in investment property.

### 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.

### Risk Management

The Trustees recognise that effective risk management is essential in achieving the Charity's objectives. Risk management is considered as an integral element of all decision making and identifying appropriate procedures to ensure that risk levels are acceptable in each case. The Trustees believe that it is important to develop and enhance the approach in risk management, to ensure it remains fit for purpose. The Charity will formalise the risk management and create a risk register which will be reviewed on regular basis.

### Policy on reserves

The Charity has undertaken a review of the reserves policy having regard for the risk assessment.

To safeguard the core activities in periods of fluctuating income, where possible, the Trustees have determined to establish free reserves (i.e. those unrestricted reserves not tied up in tangible fixed assets) at a level sufficient to meet the Charity's requirements for a minimum period of 3 months of unrestricted expenditure in any given year equating to approximately £300,000.

The level of General Funds as at 31 December 2022 is £383,031 (2021 - £919,103). As at the year end the Charity also had £687,023 (2021 - £589,012), mainly in cash, as funds designated for specific use as shown in note 13 and 14 to the accounts.

As at 31 December 2022 the Charity's Restricted funds were £16,938,133 (2021 - £8,532,239) of which £16,233,787 (2021 - £7,882,259) is represented by fixed assets and balance of £714,346 (2021 - £649,980) in cash is represented by various funds as shown in note 14 to the accounts.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### Financial review

The results of the Charity's activities are shown on pages 12 to 23 of the financial statements.

The Charity's main objective is to promote and advance the Islamic Religion in accordance with the principles of the Shia Ithna-Asheri faith. All the activities including the divisions under its control namely, The Islamic Montessori School, Shia Ithnaasheri Madressa, Hujjat Saturday Workshop, Husaini Tuition Centre, Islamic Bookshop and the Burial Fund contribute in achieving this main objective. All the income from these divisions and the donations received from the members and well-wishers of the Charity assist the Charity in meeting its main charitable objective of providing services to the community at large.

Income relating to unrestricted and restricted funds increased by £8,800,564 (2021 - decreased by £21,487). Expenditure on these activities also increased by £836,796 (2021 - decreased by £55,346). The increase in income mainly relates to a increase in rental income from the purchase of new property in Harefield. An amount of £8,341,528 was received as donation towards the purchase of Harefield property.

Overall, net expenditure from unrestricted and designated activities is £429,968 (2021 - £7,449), and net income from restricted funds is £8,386,287 (net expenditure 2021 - £20,211). It is the intention of the Trustees to utilise the carry forward surpluses in unrestricted fund for the benefit of the members and fund future projects. £8,341,528 was spent on the acquisition of Harefield Property.

### Future Plans

In addition to the objectives outlined above, the Charity has additional objectives over the forthcoming 12 month period:

- Invest in training of all volunteers in the centre to improve efficiency in all services offered at the centre; by holding classes run by professional trainers
- Educating the members and community at large on social and health issues by inviting professional speakers and further promoting services provided such as the talks during programmes on pertinent health issues.
- Working closely with the property team to ensure our centre refurbishment programs run efficiently and we can restore and modernise the centre to meet the needs of our community. Launch and develop a fundraising plan to raise the necessary funds to complete the project.
- Continue to progress on the Hujjat Harefield project.
- Continue working with our youth and guide them in all aspects to be future leaders of our community.
- Assist our community members to deal with all the challenges in the post-Covid climate and cost-of-living crisis. Specifically, mental and financial wellbeing, and active support to our senior members.
- Continue to engage with the neighbours and other local communities to maintain cordial relationships.
- Upgrade our IT & AV system to meet the future challenges of the online world.
- Improve member engagement through a vibrant refreshed website, interactive and up-to date database and enhanced social media following.
- Expand and build upon the welfare & employment services, ensuring sustainable growth.
- Create effective ways of working within EC and engage with members more effectively for more transparency.



# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the 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;
- 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 Charity (Accounts and Reports) Regulations 2008 and the provisions of the Constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial and other information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Appreciation

The Charity relies heavily on services of volunteers. The Trustees wish to thank the Jamaat staff and all the volunteers for their unstinting hard work during 2022 and their on-going efforts in the daily administration of numerous areas of work we do.

The Trustees also wish to acknowledge the immense quantity of high quality work undertaken by staff, officers and volunteers in helping to achieve and deliver the charitable objectives of the Charity.

### Auditors

Gerald Edelman LLP were appointed as auditors of the Charity at the AGM held in June 2023 by a general body resolution.

### Disclosure of information to auditor

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

The Trustees' report was approved and signed on behalf of the Trustees on 13 October 2023

**Mohammed Akil Kanani**  
**Hon. Secretary**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON**

## **Opinion**

We have audited the financial statements of The Khoja Shia Ithnaasheri Muslim Community of London for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In the light of the knowledge and understanding of the Charity and environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON**

## **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on Page 7, 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 they 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to

## **Auditor's responsibilities for the audit of the financial statements**

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

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:

- Discussions with trustees including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of reports made by management;
- Understanding of internal controls designed to prevent and detect irregularities
- Reviewing of relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Reviewing unusual transactions outside the normal course of the charities activities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's

## **Use of our report**

This report is made solely to the Charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Stephen Coleman - ACA**  
(Senior Statutory Auditor)  
Gerald Edelman LLP

73 Cornhill  
London  
EC3V 3QQ  
**Date: 13 October 2023**

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
		£	£	£	£
<b>Income</b>					
<i>Income from generated funds</i>					
Donations	2	549,721	8,718,724	9,268,445	818,465
Subscriptions		319,443	-	319,443	309,840
<i>Activities for generating funds</i>					
Sundry income	3	83,730	-	83,730	99,288
<i>Investment income</i>	4	378,456	-	378,456	71,830
<i>Income from charitable activities</i>					
Activities of the centre		58,235	-	58,235	400
Burial facilities		214,505	-	214,505	381,675
Education		386,631	-	386,631	227,383
<b>Total income</b>		<b>1,990,721</b>	<b>8,718,724</b>	<b>10,709,445</b>	<b>1,908,881</b>
<b>Expenditure</b>					
<i>Costs of generating funds</i>		44,467	-	44,467	19,930
<i>Expenditure on charitable activities</i>					
Religious and spiritual activities		528,128	-	528,128	357,310
Secular education		266,417	620	267,037	259,825
Burial facilities		536,839	-	536,839	661,581
Youth, children and volunteers		48,185	39,058	87,243	8,213
Relief of the needy, poor, orphaned and widowed		-	292,759	292,759	414,706
Nyaz		281,739	-	281,739	126,196
Investment property expenditure		664,662	-	664,662	-
<i>Governance</i>		50,252	-	50,252	68,569
<b>Total expenditure</b>	5	<b>2,420,689</b>	<b>332,437</b>	<b>2,753,126</b>	<b>1,916,330</b>
<b>Net income / (expenditure)</b>		<b>(429,968)</b>	<b>8,386,287</b>	<b>7,956,319</b>	<b>(7,449)</b>
<b>Transfer of funds</b>	12, 13	(19,608)	19,608	-	-
<b>Net movements in funds</b>		<b>(449,576)</b>	<b>8,405,895</b>	<b>7,956,319</b>	<b>(7,449)</b>
Unrealised gain on revaluation of tangible fixed assets		-	-	-	-
<b>Net movements in funds</b>		<b>(449,576)</b>	<b>8,405,895</b>	<b>7,956,319</b>	<b>(7,449)</b>
Funds brought forward at the start of the year		1,508,115	8,532,238	10,040,354	10,047,803
<b>Funds carried forward at the end of the year</b>	12, 13	<b>1,058,539</b>	<b>16,938,133</b>	<b>17,996,672</b>	<b>10,040,354</b>

There are no other recognised gains and losses other than those passing through the Statement of Financial Activities. All income and expenditure derive from continuing activities.

The notes on pages 15 to 23 form a part of these financial statements.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022	2022	2021	2021
		£	£	£	£
<b>Fixed assets</b>					
Investment properties	7		34,625,000		1,625,000
Tangible assets	8		6,863,587		6,898,594
<b>Total fixed assets</b>			<b>41,488,587</b>		<b>8,523,594</b>
<b>Current assets</b>					
Stock		52,322		48,110	
Debtors	9	400,235		69,196	
Cash at bank and in hand		3,206,255		1,629,083	
<b>Total current assets</b>		<b>3,658,812</b>		<b>1,746,389</b>	
Debtors: Amounts falling due after more than one year	10	73,518		145,484	
		<u>3,732,330</u>		<u>1,891,873</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	11	(2,730,018)		(275,113)	
Creditors: Amounts falling due after more than one year	12	<u>(24,494,227)</u>		<u>(100,000)</u>	
			<u>(23,491,915)</u>		<u>1,516,760</u>
<b>Net assets</b>			<b>17,996,672</b>		<b>10,040,354</b>
<b>The funds of the charity</b>					
Unrestricted funds	13				
Designated funds		687,023		589,012	
General funds		<u>371,516</u>		<u>919,103</u>	
			1,058,539		1,508,115
Restricted funds	14				
Revaluation reserve		2,887,720		2,887,720	
Other		<u>14,050,413</u>		<u>5,644,519</u>	
			16,938,133		8,532,239
<b>Total charity funds</b>	15		<b>17,996,672</b>		<b>10,040,354</b>

The notes on pages 15 to 23 form a part of these financial statements

Approved for issue by the board of trustees on 13 October 2023 and signed on its behalf by:

Sibtain Alibhai - (President)

Mushtakali Kassam - (Honorary Treasurer)

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		£	£
<b>Cash used in operating activities</b>			
Net movement in funds		7,956,319	(7,449)
Add back depreciation charge		41,694	45,651
Less interest income		(5,887)	(2,344)
Increase in stock		(4,213)	3,505
Increase in debtors		(259,073)	120,831
Increase in creditors		26,849,132	75,622
<b>Net cash generated from / (used in) operating activities</b>		<b>34,577,972</b>	<b>235,816</b>
<b>Cashflows from investing activities</b>			
Interest income		5,887	2,344
Sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		(6,687)	(27,399)
Purchase of investment property		(33,000,000)	
<b>Net cash used in investing activities</b>		<b>(33,000,800)</b>	<b>(25,055)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>1,577,172</b>	<b>210,761</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,629,083</b>	<b>1,418,322</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>3,206,255</b>	<b>1,629,083</b>

The notes on pages 15 to 23 form a part of these financial statements

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting Policies

#### General Information and basis of preparation

The Khoja Shia Ithnaasheri Muslim Community of London is a registered charity (Charity No 288356) in England and Wales. The nature of the charity's operations and activities are reported in the Trustee's Report. The legal and administrative information appearing on page 3 forms a part of these notes.

#### Basis of preparation

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 January 2019) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and are rounded to the nearest £1.

#### Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after certain conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Voluntary income is included in the Statement of Financial Activities upon receipt. Income from charitable activities (including membership income) is recognised as incoming resources when receivable, except when incapable of financial measurement.

Investment income is earned through renting of charity's assets. It is recorded on accruals basis.

Grants and Gift Aid are recognised when receivable, Government Grants and subscriptions for membership are recognised when received. Gift Aid received is treated as unrestricted income and utilised against the support costs of the charity.

All income is included net of VAT and related expenditure includes any VAT which is not recoverable.

#### Taxation

No provision has been made for corporation tax or deferred tax as the charity is a registered charity and is therefore exempt within the meaning of schedule 3 of the Charities Act 2011 and therefore is exempt from taxation.

#### Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities comprise the resources applied by the charity in meeting its charitable objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 1 Accounting Policies (continued)

#### Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. The support costs have been allocated to the charity's activities based on the number of staff employed in each area and the proportionate use of resources. The analysis of these costs is included in note 5.

In accordance with the Charities SORP (FRS 102), the general volunteer time of members and trustees is not recognised. The Trustees' annual report includes more information about their contribution.

#### Pension

Employees of the charity are entitled to join a defined contribution scheme unless they have exercised their right to opt out of the scheme membership. The pension fund is then converted into a pension upon the employee's normal retirement age which is defined as when they are eligible for a state pension. The charity has no liability beyond making its contribution and paying across the deductions for the employee's contributions.

#### Tangible Fixed Assets and Depreciation

Fixed assets are included at cost or, where original cost is not ascertainable, at valuation at the time such assets were first capitalised, less depreciation where appropriate.

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, over their expected useful lives:

Building	over 50 years on a Straight Line Basis
Equipment	over 4 years on a Straight Line basis
Furniture and Fixtures	between 3 and 7 years on a Straight Line basis
Motor Vehicle	over 5 years on a Straight Line basis

The Land and other religious artefacts have not been depreciated in view of their nature. The freehold property is recognised at a valuation based on the information available to the Trustees and in their opinions. Professional valuations are carried out at regular intervals. The Trustees do not consider that it is economic to carry out professional revaluations each year.

#### Investment Property

Investment property is included in the Balance Sheet at open market value. The value is generally established by reference to independent third party valuations obtained by the Trustees.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

#### Stock

Stock consists of books in the bookshop. The stock is valued at lower of cost and net realisable value.

#### Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

#### Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.



# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### Funds

Unrestricted general funds are available for use at the discretion of the Trustees in furtherance of the general objects of the charity and which have not been designated for other purposes. Investment income and gains are allocated to the unrestricted funds.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated funds is set out in notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund, if appropriate. The aim and use of each restricted fund is set out in notes to the financial statements. Transfers are made to/from restricted funds on approval by the Trustees when required to do so in order to enable the restricted fund to carry out its activities.

### 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.

### 2 Donations

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Chawda Masumin, Jula and Imam Zamin	74,558	-	74,558	31,670
General donations	141,771	8,364,315	8,506,086	156,334
Nyaz	204,464	-	204,464	210,007
Sadka, Welfare and Bewa Yatim	-	94,275	94,275	121,937
Relief, religious and spiritual activities	-	260,134	260,134	215,269
Gift Aid	128,928	-	128,928	83,248
	<u>549,721</u>	<u>8,718,724</u>	<u>9,268,445</u>	<u>818,465</u>

### 3 Activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Parking	11,460	-	11,460	2,230
Announcement and adverts	7,233	-	7,233	4,416
Directory and calendar	10,724	-	10,724	4,693
Other Fundraising	4,291	-	4,291	2,516
Furlough Grants	-	-	-	29,083
Islamic bookshop	50,022	-	50,022	56,350
	<u>83,730</u>	<u>-</u>	<u>83,730</u>	<u>99,288</u>

### 4 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Rent received	372,569	-	372,569	69,486
Interest received	5,887	-	5,887	2,344
	<u>378,456</u>	<u>-</u>	<u>378,456</u>	<u>71,830</u>

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 5a Total Expenditure

	Direct Costs £	Support Costs £	Total 2022 £	Total 2021 £
Costs of Generating Funds		44,467	44,467	19,930
Charitable Activities				
Religious and spiritual activities	355,086	173,042	528,128	357,310
Secular education	179,542	87,495	267,037	259,825
Burial	360,943	175,896	536,839	661,581
Youth, children and volunteers	87,243	-	87,243	8,213
Relief of the poor, orphaned and widowed	292,759	-	292,759	414,706
Food & Nyaz	189,426	92,313	281,739	126,196
Expenditure, maintenance & service charge incurred in respect to investment property	664,662		664,662	-
Governance (see Note 5d)	48,698	1,554	50,252	68,569
	<u>2,178,359</u>	<u>574,767</u>	<u>2,753,126</u>	<u>1,916,330</u>

The support cost is allocated on the basis either on a directly attributable to charity activities or apportioned basis. Certain expenditure are apportioned 5% as cost of generating funds and 5% as governance costs.

### 5b Support costs

	2022 £	2021 £
Motor vehicles expenditure	6,815	6,642
Car parking	12,335	-
Printing Postage Stationery	7,516	4,351
Telephone and internet	11,232	7,417
Insurances	11,430	13,408
Accountancy fees	-	593
Light & Heat	53,838	20,755
Rates & Water	2,894	4,748
Salaries and social security	165,636	135,628
Cleaning & Refuse Collection	36,531	10,650
Repairs & Maintenance	128,515	91,596
IT, Audio and Visual	48,850	38,163
Sundry Expenses	15,959	10,591
Mental Health	-	2,340
Education and Training	-	3,405
Bank & card charges	33,784	17,906
Seniors Costs	-	350
Depreciation	39,431	43,389
	<u>574,766</u>	<u>411,932</u>

#### Staff costs

### 5c Staff costs comprise:

	2022 £	2021 £
Wages and salaries	353,693	321,372
Social security costs	19,776	21,048
Pension contributions	4,112	4,436

377,581 346,856

The average number of employees during the year was as follows:

Full time employees	16	15
Part time employees	10	28

26 43

Staff numbers as analysed by category:

Charitable activities	23	38
Governance	3	5

26 43

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 5d Governance costs

	2022 £	2021 £
Auditors remuneration	7,500	5,020
Legal and professional fees	39,071	59,812
Subscriptions	2,127	2,478
Share of support costs	1,554	1,259
	<u>50,252</u>	<u>68,569</u>

### 6 Trustees

No Trustee received any remuneration from the Charity for performing their duties as a trustee (2021 - £Nil). During the year a total of no money was paid to a Trustee (2021 £Nil), during their tenure as a Trustee, as remuneration for support services other than performing their duties as a Trustee.

No Trustees received reimbursement for costs for attending meetings and travelling expenses during the year (2021 - £Nil).

### 7 Investment properties

	Investment Property £
<b>Cost or Valuation</b>	
At 1 January 2022	1,625,000
Additions	33,000,000
Disposals	-
	<u>34,625,000</u>
At 31 December 2022	
<b>Depreciation</b>	
At 1 January 2022	-
Charge for the year	-
Disposals	-
	<u>-</u>
At 31 December 2022	
<b>Net Book Value</b>	
At 31 December 2022	<u>34,625,000</u>
At 31 December 2021	<u>1,625,000</u>

At the year the charity had 3 investment properties and 1 freehold property:

1. During the year the charity acquired a investment property in Harefield for £33m. The charity currently receives rental income from this investment.

2. An investment property in Ruislip was acquired for £423,043 was valued at £1.2m. This is was valued in 2016 by a Chartered Surveyor, Roger Lumby, Penn Court, Church Road, Penn, High Wycombe, HP10 8NU.

3. An investment property, a 3 bedroom flat in gated development in Bushey was purchased for £425,000 in October 2019.

4. A freehold property in Stanmore was acquired over 35 years ago has historical cost of £4,889,237.

All the properties have been appraised by Trustees based on guidance from independent third parties and concluded that the freehold property and investment properties are fairly stated.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 8 Tangible Fixed Assets

	Freehold Property £	Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>					
At 1 January 2022	7,000,000	266,702	201,545	87,621	7,555,868
Additions	-	3,403	3,284	-	6,687
Disposals	-	-	-	-	-
At 31 December 2022	<u>7,000,000</u>	<u>270,105</u>	<u>204,829</u>	<u>87,621</u>	<u>7,562,555</u>
<b>Depreciation</b>					
At 1 January 2022	160,000	233,971	175,682	87,621	657,274
Charge for the year	20,000	12,883	8,811	-	41,694
Disposals	-	-	-	-	-
At 31 December 2022	<u>180,000</u>	<u>246,854</u>	<u>184,493</u>	<u>87,621</u>	<u>698,968</u>
<b>Net Book Value</b>					
At 31 December 2022	<u>6,820,000</u>	<u>23,251</u>	<u>20,336</u>	<u>-</u>	<u>6,863,587</u>
At 31 December 2021	<u>6,840,000</u>	<u>32,731</u>	<u>25,863</u>	<u>-</u>	<u>6,898,594</u>

### 9 Debtors

	2022 £	2021 £
Prepayments and accrued income	400,235	62,248
Other debtors	-	6,948
	<u>400,235</u>	<u>69,196</u>

### 10 Debtors: Amounts falling due after more than one year

	2022 £	2021 £
Hujjat Housing Scheme	<u>73,518</u>	<u>145,484</u>

The amount is held in trust by two ex-trustees to facilitate the Hujjat Housing Scheme (HHS). The money is used as a guarantee for first time buyers taking out a Springboard mortgage with Barclays Bank.

### 11a Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	252,552	24,974
Other creditors	2,243,461	-
Accruals and deferred income (see Note 11b for deferred income breakdown)	234,005	250,139
	<u>2,730,018</u>	<u>275,113</u>

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

11b Deferred income	2022 £	2021 £
At 1 January	289,590	250,139
Released to income	(289,590)	(35,044)
Deferred in year	234,005	74,495
At 31 December	<u>234,005</u>	<u>289,590</u>

Deferred income at the year end relates to education fees and subscriptions paid in advance

12 Creditors: Amounts falling due after more than one year	2022 £	2021 £
Bank loan	14,100,000	-
Other Creditors	<u>10,394,227</u>	<u>100,000</u>
	<u>24,494,227</u>	<u>100,000</u>

The bank loan attracts interest at 3.25% per annum above the Bank of England base rate. The term of the loan is 3 years expiring on 10 Oct 2025. This term is extendable subject to terms and conditions. The loan is secured over the property at Widewater Place, Harefield only.

Other creditors includes an unsecured advance received from The World Federation of KSIMC (WF), an associated organisation serving members of our community. The advance is towards the acquisition of the property and use of the property by WF with no interest being charged.

### 13 Unrestricted Funds

	At 1 January 2022 £	Income £	Expenditure £	Transfers	At 31 December 2022 £
Designated fund					
Burial	409,037	212,226	(151,338)	-	469,925
Secular Education	16,215	220,766	(188,922)	-	48,059
Religious Education	145,601	170,504	(183,756)	-	132,349
Seniors Activities	18,146	15,975	(15,148)	-	18,973
Al Haadi	1,801	28,083	(26,265)	-	3,619
Other	(1,788)	23,850	(7,964)	-	14,098
	<u>589,012</u>	<u>671,404</u>	<u>(573,393)</u>	<u>-</u>	<u>687,023</u>
General fund	919,103	1,299,317	(1,827,296)	(19,608)	371,516
	<u>1,508,115</u>	<u>1,970,721</u>	<u>(2,400,689)</u>	<u>(19,608)</u>	<u>1,058,539</u>

#### Burial fund

Burial fund relates to membership subscriptions for future burial needs.

#### Secular Education fund

Education fund relates to surplus reserves which the Trustees have designated specifically for future educational uses by Islamic Montessori School and Husaini Tuition Centre.

#### Religious Education fund

Education fund relates to surplus reserves which the Trustees have designated specifically for future educational uses by Shia Ithnasheri Madressa and Hujjat Saturday Workshop

#### Seniors Activities fund

Seniors Activities fund relates to surplus reserves which the Trustees have designated specifically for future uses by the Seniors for their activities

#### Other fund

Other fund relates funds designated by the Trustees for future use for specific religious activities

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 14 Restricted Funds

	At 1 January 2022 £	Income £	Expenditure £	Transfer £	At 31 December 2022 £
Children gifts	-	113	(2,945)	2,832	-
Husaini voluntary corps	742	-	-	(742)	-
Sadka and welfare	15,246	79,530	(48,114)	-	46,662
Relief and Khums	6,079	260,134	(231,145)	-	35,068
Bewa and yatim	458	6,170	-	-	6,628
Welfare Loans	26,700	8,575	(10,000)	-	25,275
Friday Social	1,100	10,117	(29,856)	18,639	-
Stanmore Jaffery	(120)	-	(750)	870	-
Library	189	-	-	-	189
Medical	353	-	-	-	353
Who is Hussein	50	-	-	-	50
Ladies activities	1,256	6,242	(5,507)	(1,991)	-
Fountain fund	150	140	-	-	290
British Sign Language	1,579	-	(620)	-	959
Covid Fund	7,848	37	(3,500)	-	4,385
Lady Zainab Repairs Fund	408,331	6,078	-	-	414,409
Hujjat Orphan Burial Fund	23,673	-	-	-	23,673
Capital (fixed asset) fund	4,994,539	8,341,528	-	-	13,336,067
Foundation Fund	121	60	-	-	181
Financial Independent scheme	156,224	-	-	-	156,224
	<u>5,644,518</u>	<u>8,718,724</u>	<u>(332,437)</u>	<u>19,608</u>	<u>14,050,413</u>
Revaluation reserve	<u>2,887,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,887,720</u>
	<u>8,532,238</u>	<u>8,718,724</u>	<u>(332,437)</u>	<u>19,608</u>	<u>16,938,133</u>

### Descriptions of funds

**Children gifts** - donations given for the benefit of children within the community.

**Library** - funds provided for the provision of Islamic material for use by the membership body.

**Husaini Voluntary Corps** - donations specifically given for the welfare of the volunteers of the community.

**Stanmore Jaffery** - comprises funds collected on behalf of and paid to the youth body.

**Medical** - donations specifically given for medical supplies.

**Sadka and welfare** - donations collected and to be used for the poor and the needy of the wider community.

**Fountain fund** - a specific donation given for building a fountain in the centre.

**Ladies activities** - funds donated for the provision of ladies activities and sports.

**Relief and Khums** - provision of funds for world relief projects and obligatory religious payments.

**Bewa and yatim** - donations collected and to be used for the welfare of orphans and widows within the community and abroad.

**Welfare Loans** - funds donated for Karz e Hasna for eligible members. Welfare loans are kept separate from welfare grants and their repayments are kept in this fund for future such loans.

**British Sign Language** - a specific donation given to facilitate members who require sign language.

**Covid Fund** - provision of funds those affected by the Covid 19 pandemic, including grants received from Council.

**Lady Zainab Repairs Fund** - Fund set up to for repairs and restoration of the Hussaini Shia Islamic Centre

**Hujjat Burial Orphan Fund** - Fund set up to assist those who cannot afford the cost of burial

**Capital fund** - donations given in respect to capital expenditure on buildings.

**Foundation fund** - life subscriptions given by the members of the community.

**Financial Independent scheme** - donations for future capital projects.

**Revaluation reserve** - restricted reserve created on revaluation of the properties.

# THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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

### 15 Analysis of Net Assets between Funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 December 2022 represented by:				
Total fixed assets	25,263,253	1,547	16,223,787	41,488,587
Net current assets	(24,891,737)	685,476	714,346	(23,491,915)
Total net assets	<u>371,516</u>	<u>687,023</u>	<u>16,938,133</u>	<u>17,996,672</u>

### 16 Operating lease commitments

#### Lessee

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	109,454	82,423
Between one and five years	59,276	53,888
	<u>168,730</u>	<u>136,311</u>

#### Lessor

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	1,311,919	64,300
Between one and five years	2,335,644	21,192
	<u>3,647,563</u>	<u>85,492</u>

### 17 Related parties

The Charity, although independent, is involved with a wider network of charities. It is a member of a regional council, The Council of European Jamaats (CoEJ) which represents The KSIMC of London at the global organization, The World Federation of Khoja Shia Ithna-sheri Muslim Communities (WF). Both charities are registered with the Charities Commission in the UK. The World Federation of Khoja Shia Ithna-sheri Muslim Communities represents the charity when dealing with international work which includes disaster and general reliefs outside of the UK. Certain trustees of The KSIMC of London are also trustees of CoEJ and therefore CoEJ is a related party. £260,134 (2021: £205,365) has been collected on behalf of CoEJ and £231,145 (2021: £334,549) - including £1,500 sadka payments - has been paid out to CoEJ. Included within creditors, amounts falling due after more than one year (other creditors) is an amount £8 million from the World Federation. There is no interest attached to this amount.

In 2018 the KSIMC of London received a £100,000 loan from CoEJ via WF to be used for the Hujjat Housing Scheme (HHS). This loan has no set repayment date and no interest will be charged.

The KSIMC of London is a community based organisation and we are reliant on members of the community to provide their time to serve as Trustees of the Charity, for which they do not receive any remuneration. We also encourage the use of community members as the source for people, goods and services. As a consequence of the regular turnover of Trustees due to the 2 year term of each Executive Committee, there are occasions where the Charity has employees (in most cases such employment contracts typically pre date and outlast the Trustee's tenure) and/or procures goods and/or services from individuals who would otherwise be classified as related parties during the tenure of the relevant Trustee. During 2022, any related party employment contracts and contracts to procure goods and/or services were negotiated and managed independent of the relevant Trustee to ensure that such contracts were bona fide and were dealt with independently and at arm's length. In 2022 the aggregate of payments by the Charity to such related parties totalled £4,342 (2021: £932).

During the year the charity received donations of £50,697 (2021: £5,651) from the trustees.

During the year the charity took loans from the trustees of £70,000 (2021: Nil). £5,000 was paid back before the year end. £50,000 is due to be repaid in 2023 and £15,000 due to be repaid by 2026. The loans are interest free, unsecured and no guarantees have been provided.

### 18 Post Balance Sheet Event

The charity finalised an insurance claim of £1.5m in relation to the claim against the works at the property at Wood Lane, Stanmore and it is committed to spend over £2m towards the restoration of the centre.