

Report of the Trustees and
Audited Financial Statements for the Year Ended 31 August 2022
for
The Al-Khoei Benevolent Foundation

Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

The Al-Khoei Benevolent Foundation

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for the Year Ended 31 August 2022

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The Al-Khoei Benevolent Foundation

Report of the Trustees **for the Year Ended 31 August 2022**

The trustees present their report with the financial statements of the charity for the year ended 31 August 2022. The trustees have adopted the provisions of 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

Objectives and aims

The objects of the charity as set out in the charity's trust deed is to advance the Islamic religion by all or any of the following means:

- a) Providing and maintaining mosques and religious centres for the worship of Islamic religion.
- b) Teaching and educating young members of the Islamic community in the doctrines and practices of the Islamic religion.

Strategies and Significant Activities

The Charity in pursuance of its charitable aims and objectives carries out a wide range of activities in the following sectors:

- a) General charitable purposes
- b) Education and training
- c) The prevention or relief of poverty
- d) Religious activities

The charity concentrates its activities around children and young people; elderly and old people, and as well as general public.

The Charity operates mosques and religious centres at Brondesbury complex in North London, Swansea and Manchester. These mosques are open to the general public as place of worship for the followers of Islamic faith. Religious centres organises various religious activities and functions and provides information to raise the awareness of the Islamic faith.

The mosque and centre in Manchester is currently run by The Shia Welfare Association, an independent organisation.

The charity also operates Al-Sadiq school for boys, Al-Zahra school for girls and Al-Ghadeer nursery for pre school age children. All these institutions are licenced by the OFSTED and follows UK national curriculum. The schools provide full time education for up to 400 pupils. In addition, pupils attend classes in Islamic studies and Arabic, which take up around ten percentage of pupils time.

Grantmaking

The Charity administered collection and distribution of various religious dues like Khums, Zakat, Sadaqat in accordance with the teachings of Islamic faith.

The charity collects general donations and are distributed in pursuance of the Charity's objectives to support education and training, relief of poverty and various religious activities.

Volunteers

We encourage all members of our mosques and centres to be involved in voluntary activities and to share their skills with others. Volunteers are not paid any salaries but only reimbursed reasonable out of pocket expenses such as travel costs. All volunteers working with children or other vulnerable groups are CRB checked.

ACHIEVEMENT AND PERFORMANCE

How our activities deliver public benefit

A wide range of activities are carried out in pursuance of the charitable aims and objectives. The trustees consider that these activities, summarised below, provide benefit to the wider community.

The Al-Khoei Benevolent Foundation

Report of the Trustees **for the Year Ended 31 August 2022**

ACHIEVEMENT AND PERFORMANCE

Religious activities

Our mosques are open for prayers, worship and for the activities associated with our faith. The centres are open for the wider public.

During the year under review, we offer a range of religious services and activities including:

Prayers

Our mosques are available daily for prayers to the general public of Islamic faith. We have hundreds of people attending our mosque for prayers.

Festivals

The Mosques celebrate Ramadan and serve food for those attending our Mosques who wish to break their fast together. We also hold special events and serve food during the Islamic months of Muharram and Safar on the annual commemoration of the martyrdom of Imam Hussein, the grandson of Prophet Muhammad (PBUH).

The Mosques celebrate the birth and commemorate the martyrdom of all Imams of Shia Ishna Ashari faith during the year.

We hold weekly gathering in the mosques for worship, prayers and recitation of supplications every Thursday evening.

Civil marriages

The Mosques provide Muslim couples with an appropriate location for their civil marriage and Nikkah (Islamic marriage).

Quran classes

Memorisation and recitation of the Quran are considered important elements of religious education and training. We continue to provide this facility for young people in the mosque.

Inter-faith events

We encourage and lead by example the commemoration of national symbolic occasions like Remembrance Sunday.

We often hold public manifestation of our faith e.g. street walks to commemorate certain events such as the fortieth day after the massacre at Karbala (Arbaeen) or Good Friday processions, and thus are a significant opportunity to build bridges between different faiths by communicating the philosophy and principles they are based upon.

Religious dues

It is part of our faith that we should offer Zakat, Khums, and Sadaqat. They are collected in accordance with the teaching of Islam and distributed for a number of specific purposes including to help others and to further the teachings of Islam.

The Al-Khoei Benevolent Foundation

Report of the Trustees **for the Year Ended 31 August 2022**

ACHIEVEMENT AND PERFORMANCE

Community activities

Al-Sadiq and Al-Zahra School

Well established schools that provide primary education in a mixed setting up to Year 2 and single sex education from Year 3 to Year 11. They are situated in the urban district of Brondesbury in the London Borough of Brent and provide full-time education for up to 400 pupils.

The schools are founded on the Quran and the teachings of the Prophet Mohammed and his Progeny. Through training in the art of building strong community relationships and taking effective public actions, the schools have given pupils the confidence to participate in public life for the good of their communities.

The School and Nursery also offers bursaries and discount on fees for families who are not able to afford to pay the full fees provided that the child demonstrates very good academic history. The school fees is set up in a way not to exclude those on lower income.

Al-Ghadeer Nursery

We strive to support and provide children with the necessary skills to help enable them develop a good foundation in learning and expressing themselves through play. This in turn helps children to acquire independence, confidence and effective communication.

Halls and rooms

Our halls and rooms are available to use by local groups, organisations and communities.

Prison service

The charity is a member of the prison service chaplaincy council acting as advisory role for Shia Muslim prisoners in HM Prisons. It also nominates sessional and part time Shia chaplains to the prison service to supplement chaplaincy services already offered to Muslim prisoners.

Youth Activities

The Charity offers facilities for youth to gather and involve in educational and sports activities and to develop the youth to be active and law abiding members of the community.

Women

Women and family programme at mosques offer advice and counselling for couples and empowering women in society offering them educational and sports facilities.

The Charity also runs an academic arm to deal with research on the Shia community and other religious communities and raises the concerns of religious and ethnic minorities at different forums.

Interfaith events

The Charity is a member of Faith Forum for London and contributes to the cohesion and the needs of faith communities in London.

The Charity is a member of the Religious Education Council and is involved in the development of religious education curriculum and takes part in activities and celebrations of other faiths and regularly holds community events and sharing of food, Iftar.

MINAB

The Charity is one of the founding member and hosts the offices of the Mosques and Imams National Advisory Board on its premises. MINAB aims to raise standards in mosques and the training of Imams.

Centre for Academic Shia Studies

The academic arm of MINAB (Cass) undertakes research on Shia and other religious minority affairs, produces papers and briefing documents.

The Al-Khoei Benevolent Foundation

Report of the Trustees **for the Year Ended 31 August 2022**

FINANCIAL REVIEW

Principal funding sources

One of the Charity's main sources of income is the collection of donations and religious dues from general public. During the year the Charity received total donations and religious dues of £584,244 (2021: £1,950,842)

Reasonable fees are charged to students for the schools. During the year the Charity generated total school income of £1,567,241 (2021: £1,399,396).

The foundation also operates a fee paying nursery. During the year, the Charity generated total nursery fee income of £129,333 (2021: £123,295).

The Charity is involved in DFID research project headed by Institute of Development Studies. During the year, the Charity generated total DFID grant income of £213,522 (2021: £182,324)

Other income received in the form of CJRS grants of £8,030 (2021: £326,462). The charity also made a gain of £1,260,482 on one of its properties sold during the year.

Investment policy and objectives

The Charity's cash reserves are held in current and saving bank accounts. Any interest earned is added to the general fund reserve and used for the general charitable purposes.

Reserves policy

Unrestricted funds reserve is maintained to cover governance costs and to respond to various application of grants and donations.

Restricted fund reserve are held to be used within certain restrictions of the relevant funds.

Endowment fund reserve represents the total cost of certain properties after annual depreciation charge.

In setting up the Charity reserve policy, the trustees have identified two unrestricted funds as detailed in the notes. The restricted funds are distributed strictly in accordance with the religious restrictions or other restrictions imposed on the relevant fund.

They have also set up an Endowment fund for certain properties owned by the Charity.

The charity policy on unrestricted funds is to hold unrestricted funds not committed or invested in Tangible Fixed Assets to meet 3 to 6 months expenditures.

The current unrestricted funds of £3,961,148 not committed to tangible fixed assets are sufficient to cover 3 to 6 months expenditure.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Al-Khoei Benevolent Foundation was constituted as a charitable trust with the Charity Commission on 23 August 1989 under the charity number 0802000. It is governed by a deed of trust dated 15 August 1989.

Recruitment and appointment of new trustees

Trustees are appointed by resolution of the existing trustees.

Organisational structure

The charity trustees are responsible for the general control and management of the charity. The trustees give their time freely and receive no remuneration or other financial benefits.

The trustees meet together as a body and are responsible for all decisions taken in relation to the affairs of The Al-Khoei Foundation in the United Kingdom. The board is chaired by the Secretary General, who is one of the trustees.

The trustees seek spiritual guidance and inspiration in religious matters from both the Central Committee and the President in recognition of their religious status. They merely endorse religious matters and are not involved in daily running of the charity. They do not have any influence over the trustees.

The Central Committee is an honorary committee based in the holy city of Najaf, Iraq.

The president is an Honorary title given to Ayatollah of the Shia faith who is also based in Najaf, Iraq.

The Al-Khoei Benevolent Foundation

Report of the Trustees **for the Year Ended 31 August 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

Following appointment, new trustees are introduced to their new role and given copies of the trust deed and a guide to the policies and procedures adopted by our charity. A number of publications from the Charity Commission are also provided including the guidance on charities and public benefit and on the advancement of the religion for public benefit. This ensures that new trustees are aware of the scope of their responsibilities under the Charities Act. Initially, new trustees work with existing trustees assisting on particular activities and projects run by the Charity. After satisfactory feedback from existing trustees they are then given the task of leading a particular activity or project, reporting progress at trustees' meetings.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

802000

Principal address

Chevening Road
London
NW6 6TN

Trustees

Mr S S Khoei
Mr S F H Milani
Mr S M H Faghihe-Moussavi

Auditors

Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees 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, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed 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, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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 which disclose with reasonable accuracy at any time the financial position of the charity and to 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.

The Al-Khoei Benevolent Foundation

Report of the Trustees
for the Year Ended 31 August 2022

Approved by order of the board of trustees on 26/06/2023 and signed on its behalf by:



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Mr S S Khoei - Trustee

Report of the Independent Auditors to the Trustees of

The Al-Khoei Benevolent Foundation

Opinion

We have audited the financial statements of The Al-Khoei Benevolent Foundation (the 'charity') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (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 August 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 Auditors' 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 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 Report of the Independent Auditors 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 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Trustees of **The Al-Khoei Benevolent Foundation**

Our responsibilities for the audit of the financial statements

We have been appointed as auditors 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 a Report of the Independent Auditors 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.

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and trustees including obtaining and reviewing supporting documentation concerning the charity's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

- obtaining an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the charity. The key laws and regulations we considered in this context included the Charities Act 2011 and Charities SORP (FRS 102).

Audit response to risks identified

As a result of performing the above, we identified management override of controls, revenue recognition including occurrence and classification of donation and school income and the occurrence and classification of donation payments as key audit matters.

Our procedures to respond to risks identified included the following:

- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the charity's rationale of any significant transactions that are unusual or outside the normal course of business.

- Substantive testing on donation income and school income.

- Substantive testing on donation payments to ensure such payments are properly authorised, paid in accordance with the purpose and conditions of grants (no misapplication of restricted funds), payments are within the objectives of the charity and accurate allocation across funds.

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. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Trustees of **The Al-Khoei Benevolent Foundation**

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The Al-Khoei Benevolent Foundation

Statement of Financial Activities
for the Year Ended 31 August 2022

		Unrestricted	Restricted	Endowment	2022	2021
		funds	funds	fund	Total	Total
	Notes	£	£	£	funds	funds
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	306,589	277,655	-	584,244	1,950,842
Charitable activities	3					
Schools operations		1,567,241	-	-	1,567,241	1,399,396
Nursery Operations		129,333	-	-	129,333	123,295
DFID		-	213,522	-	213,522	182,324
Other income		1,268,512	-	-	1,268,512	326,462
Total		3,271,675	491,177	-	3,762,852	3,982,319
EXPENDITURE ON						
Charitable activities	4					
Schools operations		1,442,601	-	-	1,442,601	1,390,653
Grants and Donations		284,641	250,345	-	534,986	1,041,756
Support costs		296,065	11,072	36,613	343,750	378,408
Nursery Operations		99,765	-	-	99,765	107,745
DFID		-	214,500	-	214,500	192,146
Total		2,123,072	475,917	36,613	2,635,602	3,110,708
NET INCOME/(EXPENDITURE)		1,148,603	15,260	(36,613)	1,127,250	871,611
RECONCILIATION OF FUNDS						
Total funds brought forward		2,837,732	51,458	6,124,215	9,013,405	8,141,794
TOTAL FUNDS CARRIED FORWARD		3,986,335	66,718	6,087,602	10,140,655	9,013,405

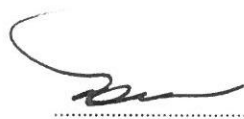
The notes form part of these financial statements

The Al-Khoei Benevolent Foundation

Balance Sheet
31 August 2022

		Unrestricted funds	Restricted funds	Endowment fund	2022 Total funds	2021 Total funds
	Notes	£	£	£	£	£
FIXED ASSETS						
Tangible assets	11	25,188	-	6,087,602	6,112,790	7,795,829
CURRENT ASSETS						
Debtors	12	174,915	65,909	-	240,824	214,212
Cash at bank and in hand		4,186,550	98,902	-	4,285,452	1,457,587
		<u>4,361,465</u>	<u>164,811</u>	<u>-</u>	<u>4,526,276</u>	<u>1,671,799</u>
CREDITORS						
Amounts falling due within one year	13	(400,317)	(98,094)	-	(498,411)	(454,223)
NET CURRENT ASSETS		<u>3,961,148</u>	<u>66,717</u>	<u>-</u>	<u>4,027,865</u>	<u>1,217,576</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,986,336</u>	<u>66,717</u>	<u>6,087,602</u>	<u>10,140,655</u>	<u>9,013,405</u>
NET ASSETS		<u>3,986,336</u>	<u>66,717</u>	<u>6,087,602</u>	<u>10,140,655</u>	<u>9,013,405</u>
FUNDS	14					
Unrestricted funds					3,986,336	2,837,732
Restricted funds					66,717	51,458
Endowment funds					<u>6,087,602</u>	<u>6,124,215</u>
TOTAL FUNDS					<u>10,140,655</u>	<u>9,013,405</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 26/06/2023 and were signed on its behalf by:


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Mr S S Khoei - Trustee

The notes form part of these financial statements

The Al-Khoei Benevolent Foundation

Cash Flow Statement
for the Year Ended 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(62,205)	1,097,447
Net cash (used in)/provided by operating activities		(62,205)	1,097,447
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,429)	(6,610)
Sale of tangible fixed assets		2,893,499	-
Net cash provided by/(used in) investing activities		2,890,070	(6,610)
Change in cash and cash equivalents in the reporting period		2,827,865	1,090,837
Cash and cash equivalents at the beginning of the reporting period		1,457,587	366,750
Cash and cash equivalents at the end of the reporting period		4,285,452	1,457,587

The notes form part of these financial statements

The Al-Khoei Benevolent Foundation

Notes to the Cash Flow Statement
for the Year Ended 31 August 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	1,127,250	871,611
Adjustments for:		
Depreciation charges	53,451	65,050
Profit on disposal of fixed assets	(1,260,482)	-
Increase in debtors	(26,612)	(28,926)
Increase in creditors	44,188	189,712
Net cash (used in)/provided by operations	<u>(62,205)</u>	<u>1,097,447</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/21	Cash flow	At 31/8/22
	£	£	£
Net cash			
Cash at bank and in hand	1,457,587	2,827,865	4,285,452
	<u>1,457,587</u>	<u>2,827,865</u>	<u>4,285,452</u>
Total	<u><u>1,457,587</u></u>	<u><u>2,827,865</u></u>	<u><u>4,285,452</u></u>

The notes form part of these financial statements

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements **for the Year Ended 31 August 2022**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Charitable activities

Charitable activities cost comprises all the operating expenses for its charitable activities like School, Nursery, DFID and general disbursements of grants and donations.

Grants and donations represent donation paid out in accordance with the Charity's objectives.

DFID is a research project which Al-Khoei is engaged in by Institute of Development Studies to gather information and carry out research work on shia muslim minorities in various countries around the world.

School and nursery costs represent the total direct costs for running and maintaining both the schools and nursery.

Allocation and apportionment of costs

Support cost include administrative cost relates to the foundation and have been allocated to activity cost categories on a basis consistent with the use of resources.

Intangible assets

Intangible assets are stated at initial cost less any permanent impairments.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold properties in London	Cost of building over 50 years
Freehold properties in Swansea	Cost of building over 25 years
Freehold property in Manchester	Cost of building over 15 years
School Equipment	20% on cost
Fixtures and fittings	15% on cost
Office equipment	20% on cost

Fund accounting

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objectives.

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued for the Year Ended 31 August 2022

1. ACCOUNTING POLICIES - continued

Fund accounting

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Endowment fund represents the properties held by the charity and depreciation relating to the property are charged against the fund.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Government grants

Grants are accounted for under the accruals model permitted by FRS 102. Grants of revenue nature are recognised in the Statement of Financial Activities in the same period as the related expenditure. Any accrued elements of grants is included in debtors as accrued income.

Going concern

Trustees believe that the charity's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. Trustees have considered the operational and financial factors for a period of twelve months from the date of approval of the financial statements.

For the above reason, the trustees continue to adopt the going concern basis in preparing these financial statements.

2. DONATIONS AND LEGACIES

	2022 £	2021 £
Donations and Religious dues	564,560	1,941,457
Gift aid	19,684	9,385
	<u>584,244</u>	<u>1,950,842</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	2022 £	2021 £
School & Nursery Fee Income	1,484,102	1,345,524
School Other Income	83,139	53,872
School & Nursery Fee Income	129,333	123,295
Grant - DFID	213,522	182,324
	<u>1,910,096</u>	<u>1,705,015</u>

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 5) £	Support costs (see note 6) £	Totals £
Schools operations	1,442,601	-	-	1,442,601
Grants and Donations	-	534,986	-	534,986
Support costs	68,527	-	275,223	343,750
Nursery Operations	99,765	-	-	99,765
DFID	214,500	-	-	214,500
	<u>1,825,393</u>	<u>534,986</u>	<u>275,223</u>	<u>2,635,602</u>

5. GRANTS PAYABLE

	2022 £	2021 £
Grants and Donations	<u>534,986</u>	<u>1,041,756</u>

The total grants paid to institutions during the year were £496,696 (2021 - £984,293)

6. SUPPORT COSTS

	Management £	Finance £	Other £	Totals £
Support costs	<u>255,145</u>	<u>(26,759)</u>	<u>46,837</u>	<u>275,223</u>

Support costs, included in the above, are as follows:

Management

	2022 Support costs £	2021 Total activities £
Wages & salaries - Foundation	171,843	155,323
Rates and water	1,620	76
Light and heat	3,858	4,780
Telephone	419	297
Postage and stationery	22	407
Travelling	3,061	3,369
Sundries	266	593
Accountancy fees	9,613	22,200
Publication expenses	13,421	16,172
Repairs & Maintenance	540	1,213
Subscriptions	4,924	4,181
Subsistence	106	438
Advertising	10,659	8,205
Book keeping fees	15,000	20,000
Legal & professional fees	15,922	20,270
Carried forward	<u>251,274</u>	<u>257,524</u>

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

6. SUPPORT COSTS - continued

Management - continued

	2022 Support costs £	2021 Total activities £
Brought forward	251,274	257,524
Cleaning	3,871	2,861
	<u>255,145</u>	<u>260,385</u>

Finance

	2022 Support costs £	2021 Total activities £
Bank charges	1,745	2,000
Foreign exchange loss/(gains)	(28,504)	23,691
	<u>(26,759)</u>	<u>25,691</u>

Other

	2022 Support costs £	2021 Total activities £
Depreciation of tangible fixed assets	46,837	59,708

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2022 nor for the year 31 August 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2022 nor for the year ended 31 August 2021.

8. STAFF COSTS

The total wages and salaries for the year was as follows

	31/08/22 £	31/08/21 £
Foundation	211,496	212,884
Mosque	25,115	7,300
School	1,140,559	1,195,818
Nursery	91,360	83,663
	<u>1,468,530</u>	<u>1,499,664</u>

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued for the Year Ended 31 August 2022

8. STAFF COSTS - continued

The average number of employees during the year was as follows

	31/08/22	31/08/21
Foundation	15	15
Mosque	3	3
School	62	68
Nursery	9	11
	<hr/>	<hr/>
	89	97
	<hr/>	<hr/>

There were 7 average number of volunteers during the year.

No employees received emoluments in excess of £60,000.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	1,353,712	597,130	-	1,950,842
Charitable activities				
Schools operations	1,399,396	-	-	1,399,396
Nursery Operations	123,295	-	-	123,295
DFID	-	182,324	-	182,324
Other income	326,462	-	-	326,462
Total	<hr/> 3,202,865 <hr/>	<hr/> 779,454 <hr/>	<hr/> - <hr/>	<hr/> 3,982,319 <hr/>
EXPENDITURE ON				
Charitable activities				
Schools operations	1,390,653	-	-	1,390,653
Grants and Donations	533,720	508,036	-	1,041,756
Support costs	332,845	8,950	36,613	378,408
Nursery Operations	107,745	-	-	107,745
DFID	-	192,146	-	192,146
Total	<hr/> 2,364,963 <hr/>	<hr/> 709,132 <hr/>	<hr/> 36,613 <hr/>	<hr/> 3,110,708 <hr/>
NET INCOME/(EXPENDITURE)	837,902	70,322	(36,613)	871,611
RECONCILIATION OF FUNDS				
Total funds brought forward	1,999,830	(18,864)	6,160,828	8,141,794
TOTAL FUNDS CARRIED FORWARD	<hr/> 2,837,732 <hr/>	<hr/> 51,458 <hr/>	<hr/> 6,124,215 <hr/>	<hr/> 9,013,405 <hr/>

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

10. INTANGIBLE FIXED ASSETS

	Trademarks
	£
COST	
At 1 September 2021 and 31 August 2022	3,450
AMORTISATION	
At 1 September 2021 and 31 August 2022	3,450
NET BOOK VALUE	
At 31 August 2022	-
At 31 August 2021	-

11. TANGIBLE FIXED ASSETS

	Freehold properties £	School Equipments £	Fixtures and fittings £	Office equipment £	Totals £
COST					
At 1 September 2021	8,605,774	284,122	298,064	514,118	9,702,078
Additions	-	-	1,440	1,989	3,429
Disposals	(1,728,306)	-	-	-	(1,728,306)
At 31 August 2022	6,877,468	284,122	299,504	516,107	7,977,201
DEPRECIATION					
At 1 September 2021	848,542	283,892	279,331	494,484	1,906,249
Charge for year	36,613	230	6,384	10,224	53,451
Eliminated on disposal	(95,289)	-	-	-	(95,289)
At 31 August 2022	789,866	284,122	285,715	504,708	1,864,411
NET BOOK VALUE					
At 31 August 2022	6,087,602	-	13,789	11,399	6,112,790
At 31 August 2021	7,757,232	230	18,733	19,634	7,795,829

Included above in total net book value is cost of land amounting to £5,252,160 (2021: £6,375,559).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	26,668	61,191
Other debtors	44,628	21,378
Inter-funds temporary balances	81,201	32,897
Prepayments	22,418	21,377
Accrued income	65,909	77,369
	240,824	214,212

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	64,938	83,526
Social security and other taxes	19,611	21,029
Other creditors	10,936	8,283
Nursery deposits	5,400	5,400
Wages & Salaries	-	(48)
Inter fund ALKW	(2,654)	(47,509)
Inter fund DFID	137,547	80,406
Inter fund SADAAT	(53,692)	-
Deferred income	276,725	280,936
Accrued expenses	39,600	22,200
	<hr/>	<hr/>
	498,411	454,223
	<hr/>	<hr/>

14. MOVEMENT IN FUNDS

	At 1/9/21	Net movement in funds	At 31/8/22
	£	£	£
Unrestricted funds			
General Fund	2,598,865	1,055,799	3,654,664
Khums Schem Imam	238,867	92,805	331,672
	<hr/>	<hr/>	<hr/>
	2,837,732	1,148,604	3,986,336
Restricted funds			
Khums Sehem Sadaat	-	53,692	53,692
Al-Kawthar/Orphans & Widows	48,386	(37,455)	10,931
DFID Fund	3,072	(978)	2,094
	<hr/>	<hr/>	<hr/>
	51,458	15,259	66,717
Endowment funds			
Endowment Fund	6,124,215	(36,613)	6,087,602
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	9,013,405	1,127,250	10,140,655
	<hr/>	<hr/>	<hr/>

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

14. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General Fund	3,178,870	(2,123,071)	1,055,799
Khums Sehem Imam	92,805	-	92,805
	<hr/>	<hr/>	<hr/>
	3,271,675	(2,123,071)	1,148,604
Restricted funds			
Khums Sehem Sadaat	92,805	(39,113)	53,692
Al-Kawthar/Orphans & Widows	184,850	(222,305)	(37,455)
DFID Fund	213,522	(214,500)	(978)
	<hr/>	<hr/>	<hr/>
	491,177	(475,918)	15,259
Endowment funds			
Endowment Fund	-	(36,613)	(36,613)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	3,762,852	(2,635,602)	1,127,250

Comparatives for movement in funds

	At 1/9/20	Net movement in funds	At 31/8/21
	£	£	£
Unrestricted funds			
General Fund	1,842,193	756,672	2,598,865
Khums Sehem Imam	157,637	81,230	238,867
	<hr/>	<hr/>	<hr/>
	1,999,830	837,902	2,837,732
Restricted funds			
Al-Kawthar/Orphans & Widows	(31,759)	80,145	48,386
DFID Fund	12,895	(9,823)	3,072
	<hr/>	<hr/>	<hr/>
	(18,864)	70,322	51,458
Endowment funds			
Endowment Fund	6,160,828	(36,613)	6,124,215
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	8,141,794	871,611	9,013,405

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

14. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	2,894,693	(2,138,021)	756,672
Khums Sehem Imam	308,172	(226,942)	81,230
	<hr/>	<hr/>	<hr/>
	3,202,865	(2,364,963)	837,902
Restricted funds			
Khums Sehem Sadaat	308,172	(308,172)	-
Al-Kawthar/Orphans & Widows	288,959	(208,814)	80,145
DFID Fund	182,323	(192,146)	(9,823)
	<hr/>	<hr/>	<hr/>
	779,454	(709,132)	70,322
Endowment funds			
Endowment Fund	-	(36,613)	(36,613)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <hr/> 3,982,319	<hr/> <hr/> (3,110,708)	<hr/> <hr/> 871,611

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/9/20 £	Net movement in funds £	At 31/8/22 £
Unrestricted funds			
General Fund	1,842,193	1,812,471	3,654,664
Khums Sehem Imam	157,637	174,035	331,672
	<hr/>	<hr/>	<hr/>
	1,999,830	1,986,506	3,986,336
Restricted funds			
Khums Sehem Sadaat	-	53,692	53,692
Al-Kawthar/Orphans & Widows	(31,759)	42,690	10,931
DFID Fund	12,895	(10,801)	2,094
	<hr/>	<hr/>	<hr/>
	(18,864)	85,581	66,717
Endowment funds			
Endowment Fund	6,160,828	(73,226)	6,087,602
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <hr/> 8,141,794	<hr/> <hr/> 1,998,861	<hr/> <hr/> 10,140,655

The Al-Khoei Benevolent Foundation

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

14. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	6,073,563	(4,261,092)	1,812,471
Khums Sehem Imam	400,977	(226,942)	174,035
	<hr/> 6,474,540	<hr/> (4,488,034)	<hr/> 1,986,506
Restricted funds			
Khums Sehem Sadaat	400,977	(347,285)	53,692
Al-Kawthar/Orphans & Widows	473,809	(431,119)	42,690
DFID Fund	395,845	(406,646)	(10,801)
	<hr/> 1,270,631	<hr/> (1,185,050)	<hr/> 85,581
Endowment funds			
Endowment Fund	-	(73,226)	(73,226)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <hr/> 7,745,171	<hr/> <hr/> (5,746,310)	<hr/> <hr/> 1,998,861

The endowment fund represents net book value of certain freehold properties.

The Unrestricted funds are the receipts and expenditure of the charity for its objectives without specific restriction on its use. It is represented by the charities net current and its other tangible assets.

The Restricted funds are specific funds for specific purposes. The balance is represented by net relevant current assets and its other tangible assets..

15. EMPLOYEE BENEFIT OBLIGATIONS

The charity operates a defined contribution pension scheme. The charity contributed in pension £16,414 (2021: £16,261) during the year.

16. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2022.

The Al-Khoei Benevolent Foundation

Detailed Statement of Financial Activities
for the Year Ended 31 August 2022

	2022 £	2021 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations and Religious dues	564,560	1,941,457
Gift aid	19,684	9,385
	<hr/> 584,244	<hr/> 1,950,842
Charitable activities		
School & Nursery Fee Income	1,613,435	1,468,819
School Other Income	83,139	53,872
Grant - DFID	213,522	182,324
	<hr/> 1,910,096	<hr/> 1,705,015
Other income		
Gain on sale of tangible fixed assets	1,260,482	-
Other income	8,030	326,462
	<hr/> 1,268,512	<hr/> 326,462
Total incoming resources	<hr/> 3,762,852	<hr/> 3,982,319
EXPENDITURE		
Charitable activities		
Misc school expenses	47,431	25,131
Printing postage & stationery	18,405	6,840
Light and heat	56,637	23,355
Transport and travel	582	116
Telephone	7,180	6,241
Rates	20,020	17,835
Repairs & Maintenance	23,041	15,291
Legal & Professional	4,199	2,460
Wages & salaries - School	1,140,559	1,195,818
Bank charges and interest	1,384	1,937
Depreciation	6,614	5,341
Cleaning	7,662	2,370
Insurance	25,997	27,465
Staff Training	14,934	14,491
Misc nursery expenses	5,605	21,282
Wages & Salaries - Nursery	91,360	83,663
Subscription	16,603	13,660
School meal - expenses	42,665	19,657
Saturday school expenses	41,310	25,212
Wages and salaries - DFID	64,768	64,822
Travelling - DFID	33,004	600
Legal & prof. fees - DFID	58,360	68,610
Carried forward	1,728,320	1,642,197

This page does not form part of the statutory financial statements

The Al-Khoei Benevolent Foundation

Detailed Statement of Financial Activities
for the Year Ended 31 August 2022

	2022	2021
	£	£
Charitable activities		
Brought forward	1,728,320	1,642,197
Swansea Mosque expenses	9,607	5,239
Sermon food	29,098	17,618
Iraq Expenses - DFID	58,368	48,219
NPAC - DFID	-	9,895
Donations to institutions	496,696	984,294
Donation payments	38,290	57,462
	<hr/>	<hr/>
	2,360,379	2,764,924
 Support costs		
Management		
Wages & salaries - Foundation	171,843	155,323
Rates and water	1,620	76
Light and heat	3,858	4,780
Telephone	419	297
Postage and stationery	22	407
Travelling	3,061	3,369
Sundries	266	593
Accountancy fees	9,613	22,200
Publication expenses	13,421	16,172
Repairs & Maintenance	540	1,213
Subscriptions	4,924	4,181
Subsistence	106	438
Advertising	10,659	8,205
Book keeping fees	15,000	20,000
Legal & professional fees	15,922	20,270
Cleaning	3,871	2,861
	<hr/>	<hr/>
	255,145	260,385
 Finance		
Bank charges	1,745	2,000
Foreign exchange loss/(gains)	(28,504)	23,691
	<hr/>	<hr/>
	(26,759)	25,691
 Other		
Freehold property	36,613	48,711
Fixtures and fittings	10,224	10,997
	<hr/>	<hr/>
	46,837	59,708
 Total resources expended	<hr/>	<hr/>
	2,635,602	3,110,708
 Net income	<hr/>	<hr/>
	1,127,250	871,611
	<hr/>	<hr/>

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