

Charity registration number 293802

**ABRAR ISLAMIC FOUNDATION**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# ABRAR ISLAMIC FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Dr S Shehabi Dr M Al-Mousawi Dr A Al Yosifi Dr F Safar Dr A Albahbahani
<b>Charity number</b>	293802
<b>Principal address</b>	45 Crawford Place London W1H 4LP
<b>Auditor</b>	Deitch Cooper LLP 1st Floor, 3 Hobbs House Harrobian Business Village Harrow Middlesex HA1 3EX
<b>Bankers</b>	Al Rayan Bank 77 - 79 Edgware Road London W2 2HZ

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# ABRAR ISLAMIC FOUNDATION

## CONTENTS

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	<b>Page</b>
Trustees' report	1 - 5
Independent auditor's report	6 - 8
Statement of financial activities	9
Statement of financial position	10
Notes to the financial statements	11 - 19

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# **ABRAR ISLAMIC FOUNDATION**

## **TRUSTEES' REPORT**

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

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The Trustees present their report and accounts for the year ended 31 March 2022. The legal and administrative information appearing on page 1 forms a part of this report.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019).

#### **Objectives and activities**

The objects of the charity are:

- A. to advance the religion of Islam in accordance with the tenets of Muslim Shia Ithna-Ashari Faith; and
- A. to advance education particularly but not exclusively in relation to the Muslim Shia Ithna-Ashari Faith and matters affecting the global Muslim community.

The Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance issued by the Charity Commission. The Trustees have considered the general guidance on public benefit issued by the Charity Commission and in particular its supplementary guidance on the advancement of religion for the public benefit in deciding what activities the charity should undertake.

The charity is very involved with the community and uses volunteers help when required. The Trustees wish to thank all volunteers for their support and services.

# **ABRAR ISLAMIC FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)**

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

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#### **Achievements and performance**

Over the past year the following have been done:

1. Due to the ongoing effects of the Covid-19 situation, the weekly seminars continued to be held online (mainly on a Zoom platform and YouTube) as well as in person. They included marking the religious anniversaries such as the birth and demise of Prophet Mohammad and the Imams. Islamic indoctrination against fanaticism, extremism and terrorism was continued by knowledgeable scholars. These lectures were made available on the Charity's website (Abraronline.net) and published in the charity's bi-monthly Arabic and English newsletters (Abrar). (Each publication is produced two times in the month).
2. The place of worship was restricted to follow national guidelines for mitigating the risks of the Covid-19 situation. For almost a year, the prayers were following the guidelines including maintaining the distance among worshippers. After the ending of restrictions, the trustees decided to open the place without limitations.
3. The library was maintained and stocked with new books as purchased or donated. New books in English are added. They are often obtained free of charge as review copies.
4. The charity offered the hall for hire at reasonable rates for seminars and other social functions such as receptions and funeral services. Since March 2020 no hiring of the hall was made because of Covid-19. These activities have shrunk in the past two years. They are now becoming more frequent.
5. No interfaith activities have been held in person since March 2020. But they continued on Zoom platform. These are expected to resume this year.
6. The charity maintained its properties which are the main source of income to finance its activities. These are mainly the main building at Crawford Place and four flats at 49/50 Chagford Street, NW1. New wooden windows are being installed following the objection by the Westminster Council against PVC windows as the building is a listed one.
7. The charity participated in outside activities such as conferences, seminars and other religious functions at other places.
8. Special programmes were held during the holy month of Ramadan when Muslims observe the fast and Muharram to commemorate the martyrdom of Imam Hussain.

#### **Financial review**

The Trustees are pleased with the financial performance and staff support during the year. The income generated by the charity and how it has been applied are shown on the Statement of Financial Activities and in the related notes.

Total income of the charity for the year was £267,137 (2021: £268,741). The primary activity for generating income remains the letting of investment property. Income received was fully expended on charitable activities during the year. The investment properties owned by the Charity were revalued during the year in accordance with UK generally accepted accounting practice. Total funds carried forward amounted to £18,609,195 (2021: £18,365,252), comprising a general income fund for charitable activities amounting to £7,576,831 (2021: £7,114,482) and a land and buildings revaluation reserve. All funds are unrestricted funds.

The assets of the charity are held in the names of the holding Trustees. The Trust Deed authorises the Trustees to make capital investment in the furtherance of the charity's objectives.

#### **Reserves policy**

The perpetual nature of the charity's existence means that it will never cease to exist and therefore reserves are carried forward at the end of each financial year. The Trustees aim to maintain unrestricted reserves at a level which equates to approximately three months of its unrestricted charitable expenditure; this currently amounts to £30,000. It is in the Trustees' view that this level is sufficient to respond to an unexpected level of expenditure as well as finance other recurring expenditure.

# **ABRAR ISLAMIC FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)**

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

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#### **Investment policy**

The assets of the charity are held in the nominee name of the Trustees. Under the governing document, the Trustees have power to invest funds which are not immediately required for its purpose and which the Trustees see fit in the furtherance of the charity's objectives.

#### **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 appropriate procedures to ensure that risk levels are acceptable in each case are identified. The Trustees believe that it is important to ensure the approach to risk management remains fit for purpose. The Trustees review the risk management processes of the charity on a regular basis with particular focus on ensuring event risk assessments and due diligence procedures, remain effective. A formalised risk register is maintained by the Trustees. The Trustees address liquidity risk by reviewing the charity's liquid resources on a continuing basis. At present, no uncertainty exists regarding liquidity or cash flow. The Trustees consider that the risk management procedures currently in place sufficiently mitigate risk and meet the needs of the charity.

A principal risk facing the charity is the outbreak of the Coronavirus pandemic, which began before the reporting date. There is ongoing review by the Trustees and a continuous process of implementing changes to charitable activities to mitigate against identified risks and uncertainties.

Some of the measures put in place by the charity are as follows:

- the safety of staff is paramount so arrangements were made to allow staff to work safely following government guidelines. Following lockdown in March 2020, all staff were working from home;
- no staff have been placed on "furlough" leave, allowing the charity to continue operating with the minimum of disruption to staff and activities;
- all assets were reviewed for revaluation to their estimated fair values to assess the impact on the charity's financial position. This is considered to be stable due to high value properties and significant cash balances. The Trustees will safeguard these assets as far as practicable.

The Trustees consider the financial impact cannot be reasonably estimated but consider they have safeguards that ensure the charity will remain in operational existence for the duration of the Coronavirus pandemic.

#### **Future plans**

In addition to the objectives outlined above, the charity has additional objectives over the forthcoming 12 months period:

1. Appraisal of the current activities with view to implement necessary changes. The website is under review as well as the other publications. With the new situation under the pandemic, the Trust is developing its online activism. Although it has made good use of online platforms, more needs to be done. New equipment to facilitate Zoom meetings have been installed in the main hall including an 85-inch TV screen.
2. The annual interfaith conference will continue to be held each year. In 2020 and 2021 this was held online.
3. The publications need wider circulation and some editorial enhancement.
4. The social media activity is being re-evaluated and developments are under consideration.
5. The "New Normal" is now dictating new approaches to running the Trust's headquarters. As attendance is reduced in most businesses, the agreements with the tenants are undergoing revision as to the rents and service charges. Negotiations are continuing.

# **ABRAR ISLAMIC FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)**

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

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

The charity is a an unincorporated charity formed under a constitution under a deed dated 10 February 1986, and amended by a supplemental deed of amendment dated 28 February 2020. It has been registered with the Charity Commission under reference 293802.

The charity's trustees have control of the charity and its property and funds.

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

Dr S Shehabi

Dr M Al-Mousawi

Mr H Maqamis (Deceased 9 June 2022)

Dr A Al Yosifi

Dr F Safar

Dr A Albahbahani

There must be at least three trustees.

The process of appointing and recruiting a trustee is as follows:

1. Every trustee must be appointed by a resolution of the trustees passed at a special meeting and a memorandum declaring such appointment shall be signed as a deed either at the meeting by the person presiding or in some other manner directed by the meeting and attested by two other persons present at the meeting.
- B. In selecting persons for appointment as trustees, the Trustees must have regard to the skills, knowledge and experience needed for the effective administration of the charity.
  1. To be eligible for appointment as a trustee a person must be a practicing Muslim of the Shia Ithna-Asheri Faith and not under the age of 18 years.
  1. No one shall be entitled to act as a trustee until they have expressly acknowledged their acceptance of the position of trustee of the charity.

Provisions under which a trustee shall cease to hold office are contained within the trust deed.

The Trustees must hold at least two ordinary meeting each year. Meetings may take such form, including electronic means, as the Trustees decide provided that the form chosen enables all participants to communicate with all the other participants. A special meeting may be called at any time by the person appointed to chair meetings of the trustees or by any two Trustees. At Trustee meetings, decisions must be made by a majority of the Trustees present and voting on the question. The person chairing the meeting shall have a casting vote.

Trustees are not remunerated.

# ABRAR ISLAMIC FOUNDATION

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 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 and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 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 is aware of such information.

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

Dr S Shehabi  
Trustee

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Dated: 15 August 2022

# ABRAR ISLAMIC FOUNDATION

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF ABRAR ISLAMIC FOUNDATION

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#### Opinion

We have audited the financial statements of Abrar Islamic Foundation (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The 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 we do not express any form of assurance conclusion thereon.

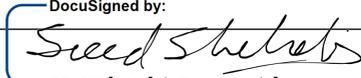
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially 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.

# ABRAR ISLAMIC FOUNDATION

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF ABRAR ISLAMIC FOUNDATION

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

### Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charity through discussions with management and from our knowledge and experience of the sector and activities of the charity;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities (Accounts and Reports) Regulations 2008 and the Charities Act 2011;
- we assessed the extent of compliance with the laws and regulations identified through making enquiries of management and inspecting documentation; and
- we identified laws and regulations which were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatements including obtaining an understanding of how fraud might occur by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

# **ABRAR ISLAMIC FOUNDATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF ABRAR ISLAMIC FOUNDATION**

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To address the risk of fraud through management bias and override of controls we performed the following procedures:

- we performed analytical procedures to identify any unusual or unexpected relationships;
- we assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- we investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to, agreeing financial statement disclosures to underlying supporting documentation and remaining alert for actual and potential litigation and claims during our other audit procedures. We did not identify any key audit matters relating to irregularities, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Deitch Cooper LLP**

15 August 2022

**Statutory Auditor**

1st Floor, 3 Hobbs House  
Harrovia Business Village  
Harrow  
Middlesex  
HA1 3EX

Deitch Cooper LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# ABRAR ISLAMIC FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<b>Income from:</b>			
Donations and legacies	3	-	421
Investments	4	267,137	268,320
<b>Total income</b>		267,137	268,741
<b>Expenditure on:</b>			
Raising funds	5	7,531	27,900
Charitable activities	6	415,663	382,102
<b>Total expenditure</b>		423,194	410,002
Net gains/(losses) on investments	12	400,000	(35,000)
<b>Net incoming/(outgoing) resources</b>		243,943	(176,261)
<b>Other recognised gains and losses</b>			
Revaluation of tangible fixed assets		-	4,037,030
<b>Net movement in funds</b>		243,943	3,860,769
Fund balances at 1 April 2021		18,365,252	14,504,483
<b>Fund balances at 31 March 2022</b>		18,609,195	18,365,252

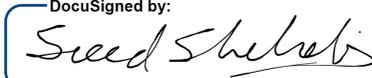
The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**ABRAR ISLAMIC FOUNDATION****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		14,041,787		14,300,386
Investment properties	14		2,850,000		2,450,000
			<u>16,891,787</u>		<u>16,750,386</u>
<b>Current assets</b>					
Debtors	15	55,993		64,222	
Cash at bank and in hand		1,671,731		1,558,512	
		<u>1,727,724</u>		<u>1,622,734</u>	
<b>Creditors: amounts falling due within one year</b>	16	(10,316)		(7,868)	
Net current assets			<u>1,717,408</u>		<u>1,614,866</u>
<b>Total assets less current liabilities</b>			<u><u>18,609,195</u></u>		<u><u>18,365,252</u></u>
<b>Income funds</b>					
<u>Unrestricted funds - general</u>					
General unrestricted funds		7,576,831		7,114,482	
Revaluation reserve		11,032,364		11,250,770	
	17		<u>18,609,195</u>		<u>18,365,252</u>
			<u><u>18,609,195</u></u>		<u><u>18,365,252</u></u>

The financial statements were approved by the Trustees on 15 August 2022

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 Dr S Shehabi  
 Trustee

# ABRAR ISLAMIC FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

##### Charity information

Abrar Islamic Foundation ("the charity") is an unincorporated UK registered charity, formed under a trust deed. The charity is a public benefit entity. The charity's address is 45 Crawford Place, London, W1H 4LP.

##### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's constitution, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the Charities SORP (FRS 102) (2019) not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

##### 1.2 Going concern

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

##### 1.3 Charitable funds

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

##### 1.4 Incoming resources

All income is included in the statement of financial activities when the charity is entitled to receive the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the statement of financial activities when receivable. Grants with performance conditions are recognised as revenue when and to the extent that the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Investment income is recognised in the Statement of Financial Activities to the extent that receipt is expected or received. Income received in advance is treated as deferred income and recognised as revenue in the period to which it relates.

##### 1.5 Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Raising funds comprises costs directly attributable to the management and maintenance of the investment properties.

# ABRAR ISLAMIC FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 1 Accounting policies

(Continued)

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

#### 1.6 Tangible fixed assets

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

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

Freehold property	50 years straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line

Freehold land is not depreciated.

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

#### 1.7 Investment properties

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

#### 1.8 Financial instruments

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

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

#### **Basic financial assets**

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

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# ABRAR ISLAMIC FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

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

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

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

##### **Derecognition of financial liabilities**

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

#### 1.9 Employee benefits

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

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

#### 1.10 Retirement benefits

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The charge for the year is included within staff costs.

#### 2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Investment properties are required by the Charities SORP (FRS 102) (2019) to be disclosed at fair value, which is an accounting estimate. The carrying amount of investment properties has a high degree of sensitivity to the underlying methods, assumptions and judgements used in calculating fair value. The underlying methods used to measure fair values are made on a consistent and comparable basis with previous years and judgements are reviewed annually. The resolution of estimation uncertainties forms part of the net gains or losses through fair value adjustments in each period. Fair value adjustments to the carrying value of non-current assets that cannot be reliably quantified are not expected to crystallise in the short term.

# ABRAR ISLAMIC FOUNDATION

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

### 3 Donations and legacies

	2022 £	2021 £
Donations and gifts	-	421

#### Donated goods and services

In addition to the donations and gifts recorded above, the charity makes use of services donated by volunteers, as and when required, which reduces charitable expenditure. A reliable estimate of the cost of the time and effort donated by volunteers in assisting the charity is not possible to quantify.

### 4 Investments

	2022 £	2021 £
Rental income and service charges receivable	253,650	251,455
Interest receivable	13,487	16,865
	<u>267,137</u>	<u>268,320</u>

### 5 Raising funds

	2022 £	2021 £
Investment property expenses		
Investment property governance costs	-	24,000
Management fees	-	1,660
Light and heat	1,367	1,028
Repairs and maintenance	6,164	1,212
	<u>7,531</u>	<u>27,900</u>
Investment property expenses	7,531	27,900
	<u>7,531</u>	<u>27,900</u>
<b>For the year ended 31 March 2021</b>		
Investment property expenses		<u>27,900</u>

# ABRAR ISLAMIC FOUNDATION

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

### 6 Charitable activities

	Charitable activities	Charitable interfaith activities	Total 2022	Total 2021
	£	£	£	£
Events and functions	10,577	-	10,577	2,387
Grant funding of activities (see note 7)	2,285	-	2,285	55,073
Share of support costs (see note 8)	395,721	-	395,721	317,862
Share of governance costs (see note 8)	7,080	-	7,080	6,780
	<u>415,663</u>	<u>-</u>	<u>415,663</u>	<u>382,102</u>
<b>Analysis by fund</b>				
Unrestricted funds - general	<u>415,663</u>	<u>-</u>	<u>415,663</u>	
	<u>415,663</u>	<u>-</u>	<u>415,663</u>	
<b>For the year ended 31 March 2021</b>				
Unrestricted funds - general	<u>382,029</u>	<u>73</u>		<u>382,102</u>
	<u>382,029</u>	<u>73</u>		<u>382,102</u>

### 7 Grants payable

	Charitable activities	Charitable interfaith activities	Total	2021
	£	£	£	£
Grants to institutions:				
Donations to other institutions	<u>2,285</u>	<u>-</u>	<u>2,285</u>	<u>55,073</u>

Charitable activities  
Sponsorship grants  
Donations to Muslim emergency appeals

Interfaith conferences and seminars

# ABRAR ISLAMIC FOUNDATION

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

### 8 Support costs

	Support costs	Governance costs	2022	2021	Basis of allocation
	£	£	£	£	
Staff costs	65,304	-	65,304	59,395	Directly attributable
Depreciation	258,599	-	258,599	198,235	Directly attributable
Consultancy fees	1,340	-	1,340	1,120	Directly attributable
Light and heat	11,755	-	11,755	9,023	Directly attributable
Cleaning	3,635	-	3,635	4,200	Directly attributable
General expenses	470	-	470	618	Directly attributable
Repairs	7,297	-	7,297	3,995	Directly attributable
Insurance	6,762	-	6,762	6,053	Directly attributable
Rates	25,475	-	25,475	21,506	Directly attributable
Printing and postage	8,704	-	8,704	5,986	Directly attributable
Telephone	1,961	-	1,961	1,784	Directly attributable
Computer expenses	4,419	-	4,419	5,947	Directly attributable
Audit fees	-	7,080	7,080	6,780	Governance
Bad and doubtful debts	-	-	-	24,000	Directly attributable
	<u>395,721</u>	<u>7,080</u>	<u>402,801</u>	<u>348,642</u>	
Analysed between					
Fundraising	-	-	-	24,000	
Charitable activities	<u>395,721</u>	<u>7,080</u>	<u>402,801</u>	<u>324,642</u>	
	<u>395,721</u>	<u>7,080</u>	<u>402,801</u>	<u>348,642</u>	

Governance costs that are not directly attributable to an activity have been apportioned based on the proportion of support costs attributed to each activity.

### 9 Trustees

None of the Trustees (nor any persons connected with them) received any remuneration or benefits from the charity during the year (2021: £nil).

No trustee claimed expenses or had their expenses met by the charity during the year (2021: £nil).

### 10 Auditor's remuneration

The analysis of fees payable to the charity's auditors is as follows:

	2022	2021
	£	£
Audit of the annual accounts	7,080	6,780
	<u>7,080</u>	<u>6,780</u>

# ABRAR ISLAMIC FOUNDATION

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

### 11 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Employees	4	3

#### Employment costs

	2022 £	2021 £
Wages and salaries	63,943	58,053
Employer's contribution to defined contribution pension schemes	1,361	1,342
	<u>65,304</u>	<u>59,395</u>

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

### 12 Net gains/(losses) on investments

	2022 £	2021 £
Revaluation of investment properties	400,000	(35,000)

### 13 Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2021	14,300,000	12,123	225,934	14,538,057
At 31 March 2022	<u>14,300,000</u>	<u>12,123</u>	<u>225,934</u>	<u>14,538,057</u>
<b>Depreciation and impairment</b>				
At 1 April 2021	-	11,737	225,934	237,671
Depreciation charged in the year	258,406	193	-	258,599
At 31 March 2022	<u>258,406</u>	<u>11,930</u>	<u>225,934</u>	<u>496,270</u>
<b>Carrying amount</b>				
At 31 March 2022	<u>14,041,594</u>	<u>193</u>	<u>-</u>	<u>14,041,787</u>
At 31 March 2021	<u>14,300,000</u>	<u>386</u>	<u>-</u>	<u>14,300,386</u>

# ABRAR ISLAMIC FOUNDATION

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

### 13 Tangible fixed assets

(Continued)

Freehold property is carried at valuation less subsequent accumulated depreciation and impairment losses. The most recent external valuation was performed as at 31 March 2021 by an independent valuer on an open market value basis. At 31 March 2022, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been £3,009,230 (2021: £3,049,230).

### 14 Investment property

	2022 £
<b>Fair value</b>	
At 1 April 2021	2,450,000
Net gains through fair value adjustments	400,000
	<u>          </u>
At 31 March 2022	<u>2,850,000</u>

The fair value of the investment property has been calculated by the Trustees, after reviewing market information and an external valuation carried out by an independent valuer on an open market value basis.

At 31 March 2022, had the investment property been carried at historic cost, the carrying amount would have been approximately £1,888,000 (2021: £1,888,000).

### 15 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Other debtors	50,434	57,518
Prepayments and accrued income	5,559	6,704
	<u>          </u>	<u>          </u>
	<u>55,993</u>	<u>64,222</u>

### 16 Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals	10,316	7,868
	<u>          </u>	<u>          </u>

# ABRAR ISLAMIC FOUNDATION

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

### 17 Unrestricted funds

	Movement in funds					Balance at 31 March 2022
	Balance at 1 April 2021	Income	Expenditure	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	£
General fund	7,114,482	267,137	(423,194)	218,406	400,000	7,576,831
Land and buildings revaluation reserve	11,250,770	-	-	(218,406)	-	11,032,364
	<u>18,365,252</u>	<u>267,137</u>	<u>(423,194)</u>	<u>-</u>	<u>400,000</u>	<u>18,609,195</u>

#### Purpose of unrestricted funds:

General funds are funds which can be used in accordance with the charitable objectives at the discretion of the trustees and management committee.

The land and buildings revaluation reserve is an unrestricted fund relating to the revaluation surplus on revaluation of freehold property. An amount equal to the depreciation charged on the revalued amount of freehold property held at valuation is transferred to the land and buildings revaluation reserve each period.

### 18 Events after the reporting date

The coronavirus global health emergency has temporarily disrupted a significant part of the charity's charitable activities since March 2020. There is continuing ongoing evaluation by the Trustees to mitigate risks and enable the charity to continue to provide charitable activities in the current climate during forthcoming financial years. In the opinion of the Trustees, it is not practicable to make a reliable estimate of the future financial effect on the net assets of the charity. However, in the opinion of the Trustees, investment income will continue to be received and there is sufficient cash held to meet essential costs and future charitable objectives.

### 19 Related party transactions

Included within unrestricted donations were amounts received from Islamic Unity Forum Limited, a company in which Dr Shehabi is a Director, of £nil (2021: £333). These donations were for direct funding of activities in the furtherance of the charitable objectives of Abrar Islamic Foundation.

No guarantees have been given or received by related parties.