

KARIMIA ASSOCIATION LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2017

Registered Charity No. 1143245

Registered Company No. 07577060

M Ahmed & Co
Chartered Accountants

83 Park Road, Chilwell, Nottingham, NG9 4DE

KARIMIA ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Management Team and Trustees

Tariq M Nasir	Chairman, Director and Company Secretary
Dr M Hussain	Chief Executive
Saema Mohammad	Trustee
Mohammad Ashraf	Trustee
F R Khan	Trustee & Director
Muhammad Iqbal	Trustee
C A Wahid	Trustee & Director
Mohammed Suleman	Trustee
Zia Khan	Trustee
Mohammed Younas	Trustee
Mr Riaz Khan	Trustee
Mr Jamil Rabbi	Trustee
Mr Mohammed Naheem	Trustee
Mr Nasir Mamood	Trustee

Registered Charity Number 1143245

Registered Company Number 07577060

Registered office

512-514 Berridge Road West, Nottingham, NG7 5JU

Accountant & Independent Examiners

M Ahmed & Co., Chartered Accountants, 83 Park Road, Chilwell, Nottingham. NG9 4DE

Bankers

Lloyds Bank plc., Old Market Square, Nottingham

KARIMIA ASSOCIATION LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017

The directors are pleased to present their report together with the financial statements of the charity company for the period ended 31 March 2017.

Principle activities and governance

The Karimia Association Limited is a charitable company. The objects of the charity are set out in the charity's trust deed and are summarised below:

1. advance the teaching of Islam and the observances that serve to promote and manifest it;
2. advance the education of young people under the age of 18 in particular Muslims by the establishment and maintenance of a school; and
3. provide facilities for the recreation and other leisure time pursuits of persons who have need of such facilities by reason of their youth, age, infirmity, disablement, poverty or social or economic circumstances in the interest of social welfare with the object of improving their condition of life.

It is a registered charity, number 1143245, and company limited by guarantee, registration no. 07577060,. It is governed by the Memorandum and Articles of Association. The management of the company is vested in a Management Committee consisting of a Chairman, Secretary and Treasurer.

The objectives are set to reflect our faith and community aims. Each year our trustees review our objectives and activities to ensure they continue to reflect our aims. In carrying out this review the trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advance of religion for the public benefit.

Applications for trusteeship and membership of the Management Committee are sought by personal solicitation. A panel comprising existing trustees and members of the Management Committee are involved in the selection process. The Management Committee meets at least four times and deals with all operational and development matters. All Trustees must be Muslims.

There have been no changes in the objects and policies during the year.

Induction and training of trustees

Following appointment, new trustees are introduced to their role and are given copies of the trust deed and a guide to the policies and procedures adopted by the 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 religion for the public benefit. This ensures that new trustees are aware of the scope of their responsibilities under the Charities Act. Initially, new trustees work with an existing trustee assisting on activities and projects run by the charity. After a satisfactory period of induction they are given the task of leading projects and other work.

Risk Management

The trustees have assessed the risks the charity faces and have drawn up a risk matrix which identifies the major risks by area, the nature of those risks, the likelihood of the risks happening and the measures taken to manage them. The trustees review this risk matrix regularly at their meetings. The trustees are satisfied that systems are in place, or arrangements are in hand, to manage the risks that have been identified. In particular, insurance cover is in place and the finances of the Association are kept under review. Appropriate checks, supported by regularly reviewed policies, are made for all those who work with children or other vulnerable groups in the mosques or community centres.

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DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017continued.

Review of activities and future developments

The Statement of Financial Activities for the year is set out on page 5 of the financial statements. A summary of the financial results and the work of the charity is set out below.

Review of developments

The charity operates mosques, Quran schools and a community centre at its principal premises in Hyson Green, Nottingham. This has continued to flourish. A new centre was opened in Walsall in 2017 and will be used to further the aims and

- 1 Built washing facility for deceased and also a large books storage room.
- 2 Trust building project has been launched and trained 20 ambassadors to bridge the gap between Muslims and
- 3 Helped other mosques with Imams and teachers training.
- 4 Syrian Refugees Support Project successfully carried out and helped 30 refugees families; giving them
- 5 Published 4 work books and 3 text books for 5-7 years old children.

The Charity is totally dependent on funding from members and government authorities and securing this funding, to meet the operating and development costs remains the key challenge for the management committee over the short term.

Financial Review

The charity's main source of income is donations. During the year, £487,926 was donated by the local community and visitors. This amount was augmented by £61,556 of Gift Aid tax refunds, £179,952 from voluntary tuition fees, £5,499 from hire of facilities and £210,920 of grants from Nottingham City Council and other organisations. Overall income was £102,167 (12%) higher than 2016. This was due to increases in donations from the local community to support the purchase of a new mosque and community centre in Walsall. The centre will be used to promote the activities of the charity. Expenditure of £803,866 was £58,047 higher than 2016 due mainly to increases in the new centre in Walsall, increases in staff costs and donations given. Costs in other areas were well controlled. This resulted in an operating surplus of £141,987 all of which was used to purchase the Walsall centre. Indeed, further bank and private loans of £338,000 have been taken out to fund the purchase. The Association continues to be well supported by the local authority and organisations with donations exceeding 2016 levels in spite of continued pressure on local authorities and other funding bodies. The charity thanks all its members and supporters for their work and generosity.

The Trustees would like to take this opportunity of thanking all members of staff for their hard work and selfless service to the local community.

Investment policy and objectives

The Association has no long term investments. Our cash reserves are held in money market and deposit accounts. The interest earned is considered by the trustees as a gift of the UK banking system.

KARIMIA ASSOCIATION LIMITED

Statement of Directors' responsibilities

Company and charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity company and of the surplus or deficit of the charity company for that period. In preparing those financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The directors have overall responsibility for ensuring that the charity company has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records which 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 1999. They are also responsible for safeguarding the assets of the charity company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the charity company is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable;
- the charity company complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Members of the Management Team

Members of the Management Team, and those who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

Approved by the trustees and signed on their behalf by:

Tariq Nasir (Chairman/Director)
23 June 2017

KARIMIA ASSOCIATION LIMITED

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF KARIMIA ASSOCIATION LIMITED

I report on the financial statements of the company for the period ended 31 March 2017, which are set out on pages 5 to 9.

Respective responsibilities of directors and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for the year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the review given in the financial statements.

Independent examiner's statement

In connection with my examination, no matter has come to my attention which:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met.

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

M Ahmed & Co
Chartered Accountants
83 Park Road, Chilwell, Nottingham, NG9 4DE
23 June 2017

KARIMIA ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	<u>2017</u> Unrestricted £	<u>2017</u> Restricted £	<u>2017</u> Total £	<u>2016</u> Total £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income					
Donations and gift aid		549,482	0	549,482	463,829
Investment income		0	0	0	0
Activities for generating funds					
Sports hall and room hire		5,499	0	5,499	12,089
Incoming resources from charitable activities					
Grants	5	210,920		210,920	216,710
Fees		179,953		179,953	151,059
Total Incoming Resources		945,854	0	945,854	843,687
Resources Expended					
Costs of generating funds		6,369	0	6,369	7,933
Charitable activities		750,047	4,034	754,081	701,586
Governance costs		43,417	0	43,417	36,300
Total resources expended		799,833	4,034	803,867	745,819
Net movement in funds		146,021	-4,034	141,987	97,868
Reconciliation of funds					
Total funds brought forward		70,630	1,085,024	1,155,654	1,057,786
Total funds carried forward		216,651	1,080,990	1,297,641	1,155,654

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 8 to 12 form part of these accounts.

KARIMIA ASSOCIATION LIMITED

BALANCE SHEET AT 31 MARCH 2017

	<u>Notes</u>	<u>2017</u> <u>£</u>	<u>2016</u> <u>£</u>
Fixed Assets	6	1,697,764	1,163,322
Current Assets			
Debtors & prepayments	7	11,015	48,974
Cash & bank	8	<u>47,502</u>	<u>62,034</u>
		58,517	111,008
Creditors:			
Amounts falling due within one year	9	<u>(81,754)</u>	<u>(30,697)</u>
Net current liabilities / assets		(23,237)	80,312
Creditors:			
Amounts falling due in more than one year	10	(376,885)	(87,979)
NET ASSETS		<u>1,297,642</u>	<u>1,155,654</u>
<u>Represented by</u>			
Unrestricted funds	11	1,231,045	1,085,024
Restricted funds	11	<u>66,596</u>	<u>70,630</u>
Total funds		<u>1,297,641</u>	<u>1,155,654</u>

The notes on pages 8 to 12 form part of these accounts.

Approved by the Board of Trustees and signed on their behalf by

Dr M Hussain (CEO)
23 June 2017

KARIMIA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1. Accounting policies

The following policies have been applied consistently in preparing the accounts of the charity company.

a. Basis of preparation

The accounts have been prepared on the historic cost convention, and in accordance with the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities effective from 1 January 2015, and the Financial Reporting Standard for Smaller Entities (effective January 2015).

b. Fund accounting

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds which the trustees, at their discretion, have set aside for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

c. Incoming resources

Monetary donations are recognised on a receipts basis. Gifts, which take the form of assets for use by the charity or for distribution are recognised as incoming resources when received. Other intangible benefits, for instance use of assets, e.g. motor car including petrol, provided my members and voluntary help are not included in the Statement of Financial Activities. Gift aid reclaimable on donations to the charity is included with the amount received.

d. Grants

Revenue grants are recognised in the financial statements on receipt, subject to any required condition being met or services being provided. Capital grants are recognised in the financial statements on receipt.

e. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure includes VAT that can not be recovered.

f. Cost of generating funds

This comprises the costs associated with attracting voluntary income.

g. Charitable expenditure

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

h. Governance costs

This includes those costs associated with meeting the constitutional and statutory requirements of the charity and includes the audit fees and costs linked with the strategic management of the charity.

i. Fundraising costs

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

j. Pensions

Employees of the charity are entitled to join a defined contribution "money purchase" scheme. The charity's contribution is restricted to the contributions disclosed in these financial statements.

KARIMIA ASSOCIATION LIMITED

k. Depreciation

Depreciation is provided so as to write-off of the cost of the asset over it's useful life to the charity at the following rates:

Fixtures & Equipment	25% reducing balance
Motor vehicles	25% reducing balance
Buildings	2%-5% reducing balance

2. Taxation

As a charity, Karimia Association Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

3. Emoluments of employees

	2017 £	2016 £
Salaries, benefits and associated costs	(449,816)	(555,781)
The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:		
Chief Executive	1	1
Imams	8	6
Teachers	10	10
Training and project delivery	3	3
Administration and support	3	3
	25	23

All staff were employed in activities in furtherance of the charitable objects. No employee earned in excess of £50,000.

4. Directors' and trustees' remuneration

The directors neither received nor waived any emoluments during the year.

Members of the Management Committee received remuneration of £26,759 (2016 - £26,808) and travel costs amounting to £188 (2016 - £758) were reimbursed to 1 (2016- 1) members.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2016 - £nil)

5. Grants

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 Total £
Nottingham City Council - Nursery Grants	189,742	0	189,742	194,544
Muslim Hands	8,228	0	8,228	0
Nottinghamshire CM	5,000	0	5,000	0
N&E Communities	4,125	0	4,125	0
Castle Cavendish	2,750	0	2,750	0
FW Investments (Army)	1,075	0	1,075	0
Notts Police	0	0	0	5,000
New Housing Trust	0	0	0	12,500
Nottingham Trent University	0	0	0	4,666
	210,920	0	210,920	216,710

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6. Tangible Fixed Assets

	Freehold Land Buildings Road	Furniture & equipment	Total assets
	£	£	£
COST			
At 1 April	1,196,903	59,326	1,256,229
Additions / disposals	559,055	-	559,055
At 31 March	1,755,957	59,326	1,815,283

DEPRECIATION

At 1 April	38,300	54,607	92,907
Additions / disposals	0	-	0
Charge for year	24,098	515	24,613
At 31 March	62,398	55,122	117,520

NBV

At 31 March	1,693,559	4,204	1,697,763
At 1 April	1,158,603	4,719	1,163,322

Land and building comprise:

	Cost	Dep'n B'fwd	Dep'n Charge	NBV
141-143 Berridge Road	85,000	0	1,700	83,300
30 Bentick Road	441,278	0	8,986	432,292
Bobbersmill Community Centre	416,116	22,640	7,869	385,607
139 Ewart Road	75,486	0	1,510	73,976
Wollaton Mosque (restricted)	201,724	15,660	4,034	182,030
Walsall Masjid	536,353	0	0	536,353
	1,755,957	38,300	24,098	1,693,559

All land and building are stated at cost.

7. Debtors

	2017	2016
	£	£
Other debtors and prepayments	11,015	48,974

9. Creditors: amounts due in less than one year

	2017	2016
	£	£
Bank loans and overdrafts	30,749	16,497
Other loans	30,000	0
Other creditors and accruals	21,005	14,200
	81,754	30,697

The bank loans are secured on the land and buildings.

The private loan is secured on the Walsall Mosque and Community Centre premises.

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10. Creditors: amounts due in more than one year

	2017	2016
	£	£
Bank loans and overdrafts	243,885	87,979
Other loans	133,000	0
	376,885	87,979

The bank loans are secured on the land and buildings.

11. Analysis of Funds

	Restricted	Unrestricted	Total
	£	£	£
Balances at 1 April	70,630	1,085,024	1,155,654
Movements in year:			
General donations	(4,034)	146,021	141,987
Balances at 31 March	66,596	1,231,045	1,297,641

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DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2017

	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Incoming Resources				
Donations: Grants from Councils and other organisations	210,920	0	210,920	216,710
General	487,926	0	487,926	413,908
Gift Aid Tax Refund	61,556	0	61,556	49,920
Sports hall and room hire	5,499	0	5,499	12,089
Fees	179,952	0	179,952	151,059
Total Incoming Resources	945,854	0	945,854	843,687
Resources Expended				
Fundraising and Publicity	6,369	0	6,369	7,933
Direct charitable expenditure:				
Salaries	449,816	0	449,816	555,781
Professional & consultancy fees	145,093	0	145,093	4,951
Training & Development	2,411	0	2,411	689
Rent & Rates	29,615	0	29,615	25,416
Other Premises costs	7,654	0	7,654	8,230
Repairs & Maintenance	23,239	0	23,239	23,958
Gas & electricity	15,248	0	15,248	16,100
Telephone	3,577	0	3,577	4,367
Stationery	13,171	0	13,171	16,550
Dawah Work & donations made	20,059	0	20,059	8,372
Miscellaneous expenses	5,730	0	5,730	11,401
Sports & other small equipment	3,488	0	3,488	8,221
Events catering	8,439	0	8,439	9,437
Travel and volunteer expenses	10,251	0	10,251	12,453
Bank charges & interest	9,932	0	9,932	2,280
Invitation Magazine, books & publications	25,160	0	25,160	19,275
Depreciation	20,579	4,034	24,613	10,404
Total Resources Expended	799,832	4,034	803,866	745,819
Net Incoming / (Outgoing) Resources before revaluations and investment asset disposals	146,021	(4,034)	141,987	97,868
Other Recognised Gains and Losses	0	0	0	0
NET MOVEMENT IN FUNDS	146,021	(4,034)	141,987	97,868