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THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

Registered Charity in UK No. 288356

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

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THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

LEGAL & ADMINISTRATIVE DETAILS

Status	The Khoja Shia Ithnaasheri Muslim Community of London a charitable body governed by its constitution and is constituted as a charitable trust. The constitution was adopted on 2 October 1983 and as amended on 26 March 2017.	
Registered Office	Husseini Islamic Centre Wood Lane, Stanmore Middx HA7 4LQ	
Trustees	Dr Munir Dattoo Altaf Daya Musafir Somani Munir Chandoo Shams Kermalli Muzaffer Rashid Muhammad Salim Kassam Shaahid Hasan Jaffer Dr Sadik Merali Dr Tauseef Mehrali Asim Nurmohamed Marziya Jaffer Sukaina Karim-Hussein Farzana Karawalli	President Vice President Hon. Secretary Asst. Secretary Hon. Treasurer Asst. Treasurer Committee Member Committee Member Committee Member Committee Member Committee Member Chairlady Committee Member Committee Member
Bankers	Habib Bank AG Zurich Limited Barclays Bank Plc	
Auditors	Chapmans Associates Limited 3 Coombe Road London NW10 0EB	

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

PRESIDENT'S STATEMENT

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

We are delighted to present to you the audited financial statements for The KSIMC of London for the year ended 31 December 2018.

The KSIMC of London is fortunate and acknowledges the immense contribution of the dedicated volunteers to provide selfless services to all our members and non members alike. This centre is a buzz of activities seven days a week catering for members of all ages and genders alike.

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

Our Montessori school is a very successful institution and in the future we are planning for our own Primary and Secondary academies to offer even more specific educational services and choice to our community members.

We have established long term relationship with our neighbours and communities of all faiths and work very closely with local authorities. We regularly invite local councillors to our centres and have an excellent working relation with local council and police.

We will endeavour to continue providing excellent services to our members and strive to improve by making use of and implementing the new technology as it evolves even more.

Wasalaam

Dr Munir Datoo
President
The KSIMC of London

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees are pleased to present their annual report and the audited financial statements for the year ended 31 December 2018. The legal and administrative information appearing on page 3 forms a part of this report.

Structure, governance and management

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

In accordance with the provisions in the Constitution, the Trustees are elected every two years. The elections normally take place two weeks prior to the relevant Annual General Meeting of the Charity except in cases where elections are held to fill a vacancy when the elections are held at a Special or Extraordinary General Meeting.

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

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

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

Conflicts of Interest

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

Object, objectives and activities for the public benefit

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

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

The Charity through its Executive Committee has the power:

- (a) To encourage the practice of the Islamic Religion as taught by the Shia Ithna-Asheri faith in the City of London, across the UK and throughout the whole world.
- (b) To spread knowledge of the Islamic Religion as taught by the Shia Ithna-Asheri faith with a view to gaining adherents.
- (c) To secure the provision of Mosques and Imambara and to provide for the upkeep restoration and repair of their fabric and the maintenance of the services therein and to supply and embellish the furniture and fittings of such Mosques and Imambara.
- (d) To hold and arrange Islamic Religious services and ceremonies and in particular the performance of nikah.

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

- (e) To provide religious education in the principles of the Islamic faith as taught by the Shia Ithna-Asheri faith.
- (f) To pay or assist in paying the funeral expenses of deceased Muslims who have died in straitened circumstances.
- (g) To establish, take over, maintain, endow or otherwise assist in the formation of religious or educational establishments where the Islamic Religion is taught in accordance with the principles laid down by the Shia Ithna-Asheri faith so long as the objects of such establishments are exclusively charitable.
- (h) To receive donations whether impressed with any special trust (provided such trust is exclusively charitable) or not to be held and applied for the promotion of the Charity.
- (i) To issue appeals for donations and periodical reports on the work of the Charity.
- (j) To do all such other things as shall further the above-mentioned objects.

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

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

Achievements and Performance

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

- Regular faith based occasions and commemorations held at the centre - weekly, seasonal and occasional;
- Weekly Senior Citizens meetings held at the centre;
- Provide significant financial and other support for the youth and their sports and social activities;
- Interfaith sessions to discuss various faith and ideological issues;
- Invite local dignitaries for occasions and celebrations at the centre;
- Set up the Hujjat Housing Scheme with Barclays Bank to enable first time buyers to purchase a home
- Potentially found a suitable development site close to the current centre which should meet the demands of our growing community. We will start fund raising in 2019.

These achievements would not have been made without both the commitment and dedication of volunteers and the generous donations made by both members and non members of the community. Dedicated volunteers have contributed over 500 hours per week to running the services and donations have been received without the use of professional fundraisers or being bound by any scheme. However, the achievements have sometimes been constrained by the size of the current building as the community has grown over the past 30 years.

Investment Policy

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

During the year ended 31 December 2018 the funds were invested in various bank accounts and in an investment property.

Risk Management

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

Policy on reserves

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

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

The level of General Funds as at 31 December 2018 is £1,197,487 (2017 - £1,268,281) of which £292,318 (2017 - £328,775) is represented by tangible fixed assets. The free reserves of the Charity therefore amount to £905,169 (2017 - £939,506) – the bulk of which is cash in the bank. As at the year end the Charity also had £408,968 (2017 - £260,744), mainly in cash, as funds designated for specific use as shown in note 10 and 12 to the accounts.

As at 31 December 2018 the Charity's Restricted funds were £8,407,928 (2017 - £8,402,585) of which £7,882,259 (2017 - £7,882,259) is represented by fixed assets and balance of £525,669 (2017 - £520,326) in cash is represented by various funds as shown in note 12 to the accounts.

Financial review

The results of the Charity's activities are shown on pages 11 to 21 of the financial statements.

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

Income relating to unrestricted and restricted funds increased by £125,429 (2017 - £172,279). Expenditure on these activities increased by £137,403 (2017 - increased by £1,520). The increase in expenditure mainly relates to money for relief programmes and the needy £89,479.

Overall, net income from unrestricted and designated activities is £77,430 (2017 - £13,505), and restricted funds is £5343 (2017 - £81,242). It is the intention of the Trustees to utilise the carry forward surpluses in unrestricted fund for the benefit of the members and fund future projects.

Future Plans

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

- Continue the search for property for the development of new facilities to cater for our future needs; potentially using a professional sourcing company to find a suitable site for expanding needs of the community
- Invest in training of all volunteers in the centre to improve efficiency in all services offered at the centre; by holding classes run by professional trainers
- Implement the Charity's updated and modernised constitution
- Educating the members and community at large on social and health issues by inviting professional speakers and further promoting services provided such as health screening

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

Appreciation

The Charity relies heavily on services of volunteers. The Trustees wish to thank the Jamaat staff and all the volunteers for their unstinting hard work during 2018 and their on-going efforts in the daily administration of numerous areas of work we do.

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

Auditors

Chapmans Associates Limited were the auditors of the Charity. A resolution proposing that they be re-appointed will be put at a General Meeting.

Signed on behalf of the Trustees on 13th May 2019

Musafir Somani
Hon. Secretary

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

Opinion

We have audited the financial statements of The Khoja Shia Ithnaasheri Muslim Community of London for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on Page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our Audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Chapmans Associates Limited
Statutory Auditor

3 Coombe Road
London
NW10 0EB
Date: 13th May 2019

Chapmans Associates Limited are eligible to act as auditors in terms of Section 1212 of the Companies Act 2006.

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£
Income					
<i>Income from generated funds</i>					
Donations	2	493,701	393,248	886,949	810,823
Subscriptions		295,795	-	295,795	290,561
<i>Activities for generating funds</i>					
Sundry income	3	99,581	-	99,581	95,478
<i>Investment income</i>	4	65,083	-	65,083	59,941
<i>Income from charitable activities</i>					
Activities of the centre		109,641	-	109,641	112,370
Burial facilities		202,219	-	202,219	232,936
Education		341,672	-	341,672	273,402
Total income		1,607,692	393,248	2,000,940	1,875,511
Expenditure					
<i>Costs of generating funds</i>		37,000	-	37,000	36,086
<i>Expenditure on charitable activities</i>					
Religious and spiritual activities		436,078	-	436,078	397,959
Secular education		240,535	-	240,535	219,872
Burial facilities		397,405	371	397,776	483,687
Youth, children and volunteers		26,751	5,794	32,545	19,807
Relief of the needy, poor, orphaned and widowed		-	381,740	381,740	292,261
Nyaz		329,819	-	329,819	297,186
<i>Governance</i>		62,674	-	62,674	33,906
Total expenditure	5	1,530,262	387,905	1,918,167	1,780,764
Net income / (expenditure)		77,430	5,343	82,773	94,747
Extraordinary item		-	-	-	-
Net movements in funds		77,430	5,343	82,773	94,747
Funds brought forward at the start of the year		1,529,025	8,402,585	9,931,610	9,836,863
Funds carried forward at the end of the year	10,11	1,606,455	8,407,928	10,014,383	9,931,610

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

The notes on pages 14 to 21 form a part of these financial statements.

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018	2018	2017	2017
		£	£	£	£
Fixed assets					
Tangible assets	7		8,182,466		8,218,628
Current assets					
Stock		46,174		50,531	
Debtors	8	138,645		101,074	
Cash at bank and in hand		1,873,806		1,686,678	
Total current assets		<u>2,058,625</u>		<u>1,838,283</u>	
Liabilities					
Creditors: amounts falling due within one year	9	<u>(126,708)</u>		<u>(125,301)</u>	
Creditors: Amounts falling due after more than one year		<u>(100,000)</u>		<u>-</u>	
Net current assets			<u>1,831,917</u>		<u>1,712,982</u>
Net assets			<u><u>10,014,383</u></u>		<u><u>9,931,610</u></u>
The funds of the charity					
Unrestricted funds	10				
Designated funds		408,968		260,744	
General funds		<u>1,197,487</u>		<u>1,268,281</u>	
			1,606,455		1,529,025
Restricted funds	11				
Revaluation reserve		2,887,720		2,887,720	
Other		<u>5,520,208</u>		<u>5,514,865</u>	
			8,407,928		8,402,585
Total charity funds	12		<u><u>10,014,383</u></u>		<u><u>9,931,610</u></u>

The notes on pages 14 to 21 form a part of these financial statements

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

Dr Munir Datoo - (President)

Shams Kermalli - (Honorary Treasurer)

Date: 13th May 2019

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		£	£
Cash used in operating activities			
Net movement in funds		82,773	94,747
Add back depreciation charge		57,690	52,324
Less interest income		(2,495)	(2,573)
Increase in stock		4,357	(3,765)
Increase in debtors		(37,571)	38,444
Increase in creditors		101,407	(160,873)
Net cash generated from / (used in) operating activities	13	206,161	18,304
Cashflows from investing activities			
Interest income		2,495	2,573
Sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		(21,528)	(38,648)
Net cash used in investing activities		(19,033)	(36,075)
Decrease in cash and cash equivalents in the year		187,128	(17,771)
Cash and cash equivalents at the beginning of the year		1,686,678	1,704,449
Cash and cash equivalents at the end of the year		1,873,806	1,686,678

The notes on pages 13 to 20 form a part of these financial statements

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

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

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Income

These comprise income which is accounted for in the period in which it is received. Grants and Gift Aid are recognised when receivable and subscriptions for membership are recognised when received. Gift Aid received is treated as unrestricted income and utilised against the support costs of the charity.

All income is included gross and related expenditure is included as expenditure.

Investment income is included in the accounts on an accruals basis.

Deferred Income

Income is recognised in the period to which it relates.

Expenditure

Costs of generating funds are those costs incurred in furthering the name and objects of the charity.

Governance comprises the costs of compliance with constitutional and statutory requirements and costs related to the strategic management of the charity.

Support costs are costs which are common to a number of activities and are charged to activities on the basis of a proportion of the use of the resource to the charitable activity.

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

Pensions

Employees of the Charity are entitled to join a defined contribution. The charity contribution is restricted to the contributions disclosed in note 5c. There were no outstanding contributions at the year end. The costs of the defined contribution scheme are included within support costs.

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting Policies (continued)

Tangible Fixed Assets and Depreciation

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

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

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

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

Investment Property

Investment property is included in the Balance Sheet at open market value. The value is generally established by reference to independent 3rd party valuations obtained by the Trustees.

Taxation

No provision has been made for corporation tax or deferred tax as the charity is a registered charity and is therefore exempt. As the charity is not VAT registered, its expenditure for the year includes non recoverable VAT incurred.

Stock

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

Funds

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

Designated funds comprise funds which have been set aside by the Trustees for particular purposes. The aim and use of the designated funds is set out in note 10.

The restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund, if appropriate. The aim and use of each restricted fund is set out in note 11 of the financial statements. Transfers are made to/from restricted funds on approval by the Trustees when required to do so in order to enable the restricted fund to carry out its activities.

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2 Donations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Chawda Masumin, Jula and Imam Zamin	100,581	-	100,581	107,809
General donations	193,187	7,678	200,865	173,754
Nyaz	131,646	-	131,646	113,303
Sadka	-	125,407	125,407	152,468
Relief, religious and spiritual activities	-	260,163	260,163	204,077
Gift Aid	68,287	-	68,287	59,412
	<u>493,701</u>	<u>393,248</u>	<u>886,949</u>	<u>810,823</u>

3 Activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Parking	22,116	-	22,116	22,566
Announcement and adverts	7,493	-	7,493	7,048
Directory and calendar	6,480	-	6,480	5,144
Islamic bookshop	63,492	-	63,492	60,720
	<u>99,581</u>	<u>-</u>	<u>99,581</u>	<u>95,478</u>

4 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Rent received	62,588	-	62,588	57,368
Interest received	2,495	-	2,495	2,573
	<u>65,083</u>	<u>-</u>	<u>65,083</u>	<u>59,941</u>

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5a Total Expenditure

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Costs of Generating Funds	-	37,000	37,000	36,086
Charitable Activities				
Religious and spiritual activities	309,834	126,244	436,078	397,959
Secular education	170,900	69,635	240,535	219,872
Burial	282,620	115,156	397,776	483,687
Youth, children and volunteers	32,545	-	32,545	19,807
Relief of the poor, orphaned and widowed	381,740	-	381,740	292,261
Food & Nyaz	234,337	95,482	329,819	297,186
Governance (see Note 5d)	60,913	1,761	62,674	33,906
	<u>1,472,889</u>	<u>445,278</u>	<u>1,918,167</u>	<u>1,780,764</u>

5b Support costs

	2018 £	2017 £
Motor vehicles expenditure	5,327	12,223
Car parking	16,610	16,748
Printing Postage Stationery	5,788	4,259
Telephone and internet	10,552	9,470
Insurances	18,881	16,371
Accountancy fees	12,916	13,620
Light & Heat	44,471	32,654
Rates & Water	2,145	2,439
Salaries and social security	164,673	182,527
Cleaning & Refuse Collection	29,436	20,991
Repairs & Maintenance	41,998	40,591
IT, Audio and Visual	8,082	16,201
Security expenses	1,993	15,035
Sundry Expenses	15,044	5,529
Bank charges and interest	11,714	7,876
Seniors Bus Drivers	2,640	-
Depreciation	53,008	47,820
	<u>445,278</u>	<u>444,355</u>

5c Staff costs

Staff costs comprise:	2018 £	2017 £
Wages and salaries	360,668	352,006
Social security costs	20,846	20,371
Pension contributions	3,177	1,317
	<u>384,691</u>	<u>373,694</u>

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

Full time employees	20	20
Part time employees	25	23
	<u>45</u>	<u>43</u>

Staff numbers as analysed by category:

Charitable activities	40	39
Governance	5	4
	<u>45</u>	<u>43</u>

There were no employees during the period whose emoluments amounted to over £60,000 (2017: none).

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5d Governance costs

Governance costs comprise	2018 £	2017 £
Auditors remuneration	3,940	3,500
Legal and professional fees	52,973	24,717
Subscriptions	4,000	4,183
Share of support costs	1,761	1,506
	<u>62,674</u>	<u>33,906</u>

6 Trustees

No Trustee received any remuneration from the Charity for performing their duties as a trustee (2017 - £Nil). During the year (2017 £Nil) a total of no money was paid to a Trustee, during their tenure as a Trustee, as remuneration for support services other than performing their duties as a Trustee.

No Trustees received reimbursement for costs for attending meetings and travelling expenses during the year (2017 - £Nil).

7 Tangible Fixed Assets

	Freehold Property £	Investment Property £	Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
Cost or Valuation						
At 1 January 2018	7,000,000	1,200,000	195,517	166,279	87,621	8,649,417
Additions	-	-	17,502	4,026	-	21,528
Disposals	-	-	-	-	-	-
At 31 December 2018	<u>7,000,000</u>	<u>1,200,000</u>	<u>213,019</u>	<u>170,305</u>	<u>87,621</u>	<u>8,670,945</u>
Depreciation						
At 1 January 2018	80,000	-	149,102	131,912	69,775	430,789
Charge for the year	20,000	-	22,697	10,135	4,858	57,690
Disposals	-	-	-	-	-	-
At 31 December 2018	<u>100,000</u>	<u>-</u>	<u>171,799</u>	<u>142,047</u>	<u>74,633</u>	<u>488,479</u>
Net Book Value						
At 31 December 2018	<u>6,900,000</u>	<u>1,200,000</u>	<u>41,220</u>	<u>28,258</u>	<u>12,988</u>	<u>8,182,466</u>
At 31 December 2017	<u>6,920,000</u>	<u>1,200,000</u>	<u>46,415</u>	<u>34,367</u>	<u>17,846</u>	<u>8,218,628</u>

The freehold property and investment property were revalued at market value by the Trustees in a prior period. The investment property has been valued as at 31 December 2016 at £1.2 million by a Chartered Surveyor, Roger Lumby, Penn Court, Church Road, Penn, High Wycombe HP10 8NU. The Trustees have appraised the value of the freehold property as at 31 December 2017 based on guidance from an independent 3rd party and concluded that the value of the freehold property is fairly stated. The historical cost of the freehold property is £4,889,237 and the investment property is £423,043.

8 Debtors

	2018 £	2017 £
Prepayments and accrued income	112,559	98,444
Other debtors	26,086	2,630
	<u>138,645</u>	<u>101,074</u>

9a Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	11,283	42,525
Accruals and deferred income (see Note 9b for deferred income breakdown)	115,425	82,776
	<u>126,708</u>	<u>125,301</u>

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9b Deferred income	2018	2017
	£	£
At 1 January	67,388	145,229
Released to income	(67,388)	(145,229)
Deferred in year	71,840	67,388
At 31 December	<u>71,840</u>	<u>67,388</u>

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

10 Unrestricted Funds

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Designated fund				
Burial	183,915	229,529	(137,170)	276,274
Secular Education	23,257	203,294	(185,900)	40,651
Religious Education	37,913	180,329	(145,982)	72,260
Seniors Activities	15,586	22,826	(19,448)	18,964
Other	73	12,783	(12,037)	819
	<u>260,744</u>	<u>648,761</u>	<u>(500,537)</u>	<u>408,968</u>
General fund	1,268,281	958,931	(1,029,725)	1,197,487
	<u>1,529,025</u>	<u>1,607,692</u>	<u>(1,530,262)</u>	<u>1,606,455</u>

Burial fund

Burial fund relates to membership subscriptions for future burial needs.

Secular Education fund

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

Religious Education fund

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

Seniors Activities fund

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

Other fund

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

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Restricted Funds

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Children gifts	2,023	3,682	(1,103)	4,602
Husaini voluntary corps	1,400	50	(883)	567
Sadka and welfare	31,691	112,411	(103,260)	40,842
Relief and Khums	48,007	215,163	(235,401)	27,769
Bewa and yatim	8,624	12,996	(18,279)	3,341
Upliftment	-	45,000	(24,800)	20,200
Friday Social	-	2,357	(2,357)	-
Stanmore Jaffery	1,451	-	(1,451)	-
Library	589	186	-	775
Medical	251	-	-	251
Brookwood cemetery	-	371	(371)	-
Ladies activities	1,106	-	-	1,106
Fountain fund	150	-	-	150
British Sign Language	1,579	-	-	1,579
Capital (fixed asset) fund	4,994,539	-	-	4,994,539
Foundation Fund	329,009	-	-	329,009
Financial Independent scheme	94,446	1,032	-	95,478
	<u>5,514,865</u>	<u>393,248</u>	<u>(387,905)</u>	<u>5,520,208</u>
Revaluation reserve	2,887,720	-	-	2,887,720
	<u>8,402,585</u>	<u>393,248</u>	<u>(387,905)</u>	<u>8,407,928</u>

Descriptions of funds

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

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

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

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

Medical - donations specifically given for medical supplies.

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

Brookwood cemetery - a specific donation made for the future repairs of the cemetery.

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

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

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

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

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

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

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

Financial Independent scheme - donations for future capital projects.

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

THE KHOJA SHIA ITHNAASHERI MUSLIM COMMUNITY OF LONDON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Analysis of Net Assets between Funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 December 2018 represented by:				
Tangible fixed assets	292,318	7,889	7,882,259	8,182,466
Net current assets	905,169	401,079	525,669	1,831,917
Total net assets	<u>1,197,487</u>	<u>408,968</u>	<u>8,407,928</u>	<u>10,014,383</u>

13 Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net movement in funds	82,773	94,747
Add back depreciation charge	57,690	52,324
Less profit on disposal	-	-
Less interest income	(2,495)	(2,573)
Increase in stock	4,357	(3,765)
(Increase) / decrease in debtors	(37,571)	38,444
(Decrease) / increase in creditors	101,407	(160,873)
Net cash generated from / (used in) operating activities	<u>206,161</u>	<u>18,304</u>

14 Related parties

The Charity, although independent, is involved with a wider network of charities. It is a member of a regional council, The Council of European Jamaats (CoEJ) which represents The KSMIC of London at the global organization, The World Federation of Khoja Shia Ithna-sheri Muslim Communities (WF). Both charities are registered with the Charities Commission in the UK. The World Federation of Khoja Shia Ithna-sheri Muslim Communities represents us when dealing with international work which includes disaster and general reliefs outside of the UK. Certain trustees of The KSMIC of London are also trustees of CoEJ and therefore CoEJ is a related party. £381,079 (2017: £204,077) has been collected on behalf of CoEJ and £401,316 (2017: £165,916) has been paid out. A balance of £27,770 (2017: £48,007) is held in Restricted Funds.

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

The KSMIC of London is a community based organisation and we are reliant on members of the community to provide their time to serve as Trustees of the Charity, for which they do not receive any remuneration. We also encourage the use of community members as the source for people, goods and services. As a consequence of the regular turnover of Trustees due to the 2 year term of each Executive Committee, there are occasions where the Charity has employees (in most cases such employment contracts typically pre date and outlast the Trustee's tenure) and/or procures goods and/or services from individuals who would otherwise be classified as related parties during the tenure of the relevant Trustee. During 2018, any related party employment contracts and contracts to procure goods and/or services were negotiated and managed independent of the relevant Trustee to ensure that such contracts were bona fide and were dealt with independently and at arm's length. In 2018 the aggregate of payments by the Charity to such related parties totalled £35,817 (2017: £8,400).