

BAITUL AZIZ ISLAMIC CULTURAL TRUST
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

BAITUL AZIZ ISLAMIC CULTURAL TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Taz Ahmed Saiyeed Haque Aziz Miah Kholkur Rahman Mohammed Uddin
Charity number	292922
Principal address	1 Dickens Square Harper Road London SE1 4JL
Independent examiner	Richard F Hopper Chinthurst 30 St Stephens Hill Launceston Cornwall PL15 8HN

BAITUL AZIZ ISLAMIC CULTURAL TRUST

CONTENTS

	Page
Trustees' report	1 - 2
Independent examiner's report	3
Statement of financial activities	4
Balance sheet	5
Notes to the financial statements	6 - 12

BAITUL AZIZ ISLAMIC CULTURAL TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees present their report and financial statements for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the trust's trust deed, the Charities Act 2011 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Objectives and activities

The main policy adopted in furtherance of these objects is the running of a mosque in London and there has been no change in this during the year.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the trust should undertake.

Achievements and performance

Details of the development, activities and achievements of the trust during the year are set out in the separate annual report.

Financial review

There was a surplus of donations received over costs incurred during the year as shown in the attached accounts. The surplus will be put towards the remaining costs of completing the mosque building and repaying related loans.

It is the policy of the trust that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the trust's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The trustees have assessed the major risks to which the trust is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The trust was established by a charitable trust deed on 2 October 1985.

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

Taz Ahmed

Saiyeed Haque

Aziz Miah

Kholkur Rahman

Mohammed Uddin

New trustees are appointed by existing trustees as need arises.

The trust is overseen by the trustees who meet regularly during the year. Imams are employed to lead the worship services, teach the Islamic faith, look after the mosque and assist in the religious performances preparatory to the congregational prayers. They also provide advice on moral upbringing to help reduce drug-taking and other ills affecting society. The trustees expect to soon introduce a core curriculum syllabus for boys and girls.

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

BAITUL AZIZ ISLAMIC CULTURAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Kholkur Rahman

Trustee

Dated: 7 October 2019

BAITUL AZIZ ISLAMIC CULTURAL TRUST

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF BAITUL AZIZ ISLAMIC CULTURAL TRUST

I report to the trustees on my examination of the financial statements of Baitul Aziz Islamic Cultural Trust (the trust) for the year ended 31 December 2018.

Responsibilities and basis of report

As the trustees of the trust you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the trust's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the trust as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Richard F Hopper

Chartered Accountant
Chinthurst
30 St Stephens Hill
Launceston
Cornwall
PL15 8HN

Dated: 8 October 2019

BAITUL AZIZ ISLAMIC CULTURAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Donations and legacies	3	236,826	4,550	241,376	222,578
Charitable activities	4	1,159	-	1,159	1,144
Total income		<u>237,985</u>	<u>4,550</u>	<u>242,535</u>	<u>223,722</u>
<u>Expenditure on:</u>					
Charitable activities	5	<u>129,028</u>	<u>6,545</u>	<u>135,573</u>	<u>118,331</u>
Net income/(expenditure) for the year/ Net movement in funds		108,957	(1,995)	106,962	105,391
Fund balances at 1 January 2018		<u>1,820,233</u>	<u>191,705</u>	<u>2,011,938</u>	<u>1,906,547</u>
Fund balances at 31 December 2018		<u><u>1,929,190</u></u>	<u><u>189,710</u></u>	<u><u>2,118,900</u></u>	<u><u>2,011,938</u></u>

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

All income and expenditure derive from continuing activities.

BAITUL AZIZ ISLAMIC CULTURAL TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	9		2,312,670		2,235,924
Current assets					
Debtors	11	690		5,625	
Cash at bank and in hand		173,831		182,561	
		<u>174,521</u>		<u>188,186</u>	
Creditors: amounts falling due within one year	13	<u>(368,291)</u>		<u>(412,172)</u>	
Net current liabilities			(193,770)		(223,986)
Total assets less current liabilities			<u>2,118,900</u>		<u>2,011,938</u>
Income funds					
Restricted funds	14		189,710		191,705
Unrestricted funds			1,929,190		1,820,233
			<u>2,118,900</u>		<u>2,011,938</u>

The financial statements were approved by the Trustees on 7 October 2019

Saiyeed Haque
Trustee

Kholkur Rahman
Trustee

BAITUL AZIZ ISLAMIC CULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Charity information

Baitul Aziz Islamic Cultural Trust is an unincorporated charitable trust.

1.1 Accounting convention

The financial statements have been prepared in accordance with the trust's [governing document], 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)" (as amended for accounting periods commencing from 1 January 2016). The trust is a Public Benefit Entity as defined by FRS 102.

The trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 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 trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the trust 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 furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

BAITUL AZIZ ISLAMIC CULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is charged in the accounts at the time when a liability to make payment is incurred.

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:

Land and buildings	over life of lease
Spare heading	over life of lease
Fixtures, fittings & equipment	10% p.a. on cost

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 Impairment of fixed assets

At each reporting end date, the trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the trust's balance sheet when the trust 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.

BAITUL AZIZ ISLAMIC CULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 trust's contractual obligations expire or are discharged or cancelled.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the trust'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. The 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and gifts	236,826	4,550	241,376	222,578
For the year ended 31 December 2017	222,562	16		222,578

BAITUL AZIZ ISLAMIC CULTURAL TRUST

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

4 Charitable activities

	2018 £	2017 £
Sales of calendars	1,159	1,144

5 Charitable activities

	Mosque activities 2018 £	Mosque activities 2017 £
Staff costs	63,123	49,080
Cost of calendars sold	1,284	1,001
	64,407	50,081
Share of support costs (see note 6)	70,314	67,428
Share of governance costs (see note 6)	852	822
	135,573	118,331
Analysis by fund		
Unrestricted funds	129,028	111,760
Restricted funds	6,545	6,571
	135,573	118,331
For the year ended 31 December 2017		
Unrestricted funds	111,760	
Restricted funds	6,571	
	118,331	

BAITUL AZIZ ISLAMIC CULTURAL TRUST

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

6 Support costs

	Support costs £	Governance costs £	2018 £	2017 £
Staff costs	6,560	-	6,560	19,204
Depreciation	28,114	-	28,114	26,245
Premises costs	33,197	-	33,197	17,295
Administration costs	2,443	-	2,443	4,684
Accountancy	-	852	852	822
	<u>70,314</u>	<u>852</u>	<u>71,166</u>	<u>68,250</u>
Analysed between Charitable activities	<u>70,314</u>	<u>852</u>	<u>71,166</u>	<u>68,250</u>

Governance costs includes payments to the independent examiner of £852 (2017- £822) for independent examination and accountancy fees.

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and none of them were reimbursed any expenses (2017- none were reimbursed).

8 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Imams	3	3
Others	1	1
	<u>4</u>	<u>4</u>

Employment costs

	2018 £	2017 £
Wages and salaries	69,210	68,071
Other pension costs	473	213
	<u>69,683</u>	<u>68,284</u>

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

BAITUL AZIZ ISLAMIC CULTURAL TRUST

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

9 Tangible fixed assets

	Land and buildings	Spare heading	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2018	61,702	2,367,909	50,367	2,479,978
Additions	-	76,471	28,389	104,860
Disposals	-	-	(3,300)	(3,300)
At 31 December 2018	61,702	2,444,380	75,456	2,581,538
Depreciation and impairment				
At 1 January 2018	6,174	191,470	46,410	244,054
Depreciation charged in the year	247	23,960	3,907	28,114
Eliminated in respect of disposals	-	-	(3,300)	(3,300)
At 31 December 2018	6,421	215,430	47,017	268,868
Carrying amount				
At 31 December 2018	55,281	2,228,950	28,439	2,312,670
At 31 December 2017	55,528	2,176,439	3,957	2,235,924

10 Financial instruments

	2018 £	2017 £
Carrying amount of financial liabilities		
Measured at amortised cost	368,291	412,172

11 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Prepayments and accrued income	690	5,625

12 Loans and overdrafts

	2018 £	2017 £
Other loans	365,800	409,500
Payable within one year	365,800	409,500

The loans are unsecured and carry no interest charge.

BAITUL AZIZ ISLAMIC CULTURAL TRUST

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

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Borrowings	365,800	409,500
Other creditors	89	-
Accruals and deferred income	2,402	2,672
	<u>368,291</u>	<u>412,172</u>

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2018 £	Movement in funds		Balance at 31 December 2018 £
		Incoming resources £	Resources expended £	
Building Fund	190,966	4,550	(6,455)	189,061
Equipment	739	-	(90)	649
	<u>191,705</u>	<u>4,550</u>	<u>(6,545)</u>	<u>189,710</u>

15 Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Fund balances at 31 December 2018 are represented by:				
Tangible assets	2,123,068	189,602	2,312,670	2,235,924
Current assets/(liabilities)	(193,878)	108	(193,770)	(223,986)
	<u>1,929,190</u>	<u>189,710</u>	<u>2,118,900</u>	<u>2,011,938</u>

16 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).