

**ISLAMIC EDUCATION AND RESEARCH ACADEMY  
(IERA)**

**FINANCIAL STATEMENTS**

**30 JUNE 2013**

**Charity Number 1134566**

**ONE STOP AUDIT LIMITED**  
Chartered Certified Accountants  
& Registered Auditors  
63 Morgan Close  
Luton Bedfordshire  
LU4 9GL

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

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# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

|                                    |  |
|------------------------------------|--|
| <b>Registered charity name</b>     | Islamic Education and Research Academy (IERA)  |
| <b>Charity number</b>              | 1134566  |
| <b>Company registration number</b> | 06941044   |
| <b>Principal office</b>            | Suite 321 Crown House<br>North Circular Road<br>London<br>NW10 7PN   |
| <b>Trustees</b>                    | Mr A W G Green<br>Mr S J Sattar<br>Mr T J Chambers<br>Mr N A Khan<br>Mr K I Hussain  |
| <b>Auditor</b>                     | One Stop Audit Limited<br>Chartered Certified Accountants<br>& Registered Auditors<br>63 Morgan Close<br>Luton Bedfordshire<br>LU4 9GL |
| <b>Bankers</b>                     | National Westminster Bank Plc<br>PO Box 12263<br>1 Princes Street<br>London<br>EC2R 8PH  |
| <b>Accountants</b>                 | Amex Accountants Limited<br>85B Headstone Road<br>Harrow<br>Middlesex<br>HA1 1PG   |

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2013

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 30 June 2013.

### REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

### THE TRUSTEES

The trustees who served the company during the period were as follows:

Mr A W G Green  
Mr S J Sattar  
Mr T J Chambers  
Mr N A Khan  
Mr K I Hussain

Mr N A Khan was appointed as a director on 17 June 2013.

Mr K I Hussain was appointed as a director on 17 June 2013.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Structure

The Islamic Education and Research Academy is a company limited by guarantee and not having share capital. The charity was incorporated on 23 June 2009 and governed by Memorandum and Articles of Association. It is also a registered charity, no. 1134566.

The Islamic Education and Research Academy's principle offices are at the Crown House Business Centre, Suite 321, North Circular Road, London NW10 7PN.

A Board of Trustees administers the Islamic Education and Research Academy, the Trustees are:

|                                       |                  |
|---------------------------------------|------------------|
| Mr. Anthony Green, Chairman           | Mr K I Hussain   |
| Mr. Saqib Sattar, Vice-Chairman (CEO) | Mr. Tim Chambers |
| Mr N A Khan                           |                  |

The Board of Trustees oversees the running of the organisation, with paid staff heading various departments and consultants providing actual services. Although the Trustees are not remunerated for their work in their capacity as Trustees, their particular professional services have been used by the organisation in a paid capacity. This has been done through consultation of the Board and the staff within the organisation. Details of such remuneration to the trustees are provided in note 10 of the accounts.

#### Risk Management

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

#### Training & recruitment

The existing trustees are responsible for the recruitment of new trustees. Any new appointments are carefully selected through a network of people who have demonstrated considerable experience and commitment to the advancement of the Islamic religion. As iERA is more established we are better able to recruit individuals who can bring a wider range of skills to the board. Recruitment of trustees is undertaken by way of majority voting.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 30 JUNE 2013

Following appointment new trustees are given copies of the governing document and the annual reports. They are given an induction into the major strategies of the organization and how it operates.

#### **OBJECTIVES AND ACTIVITIES**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

##### **Our Objectives**

The objects of the charity are set out in the charity's Articles of Association, and are summarised below.

- The advancement of Islamic Religion.
- To educate and inform humanity about the noble message of Islam.
- To train Islamic educators to address talks, seminars and other public engagements.
- To produce and distribute Islamic education resources.
- To carry out research into contemporary issues facing the Islamic faith and the Muslim community.

##### **Strategy**

The basic strategy of iERA is focused around empowering individual and local Muslim communities to effectively present the Islamic religion. To achieve this training courses have been developed alongside various tools, both offline and online.

Religious instructions are provided for the new Muslims so they are able to comfortably join their fellow believers in the faith and continue to be productive members of society.

We also carry out research into effective methods for carrying out our work. In addition to this, our research into major theological, philosophical and contemporary themes forms the basis for much of our advanced training and educational programmes.

##### **Volunteers**

Volunteers are an essential part of the work of the organisation. The trustees give considerable time voluntarily to the organisation. Alongside staff and paid contractors, volunteers carry out a number of important functions. This includes though is not limited to the delivery of training, organising events, publicity of activities, and advocacy in local communities on the need to engage with the wider society.

#### **ACHIEVEMENTS AND PERFORMANCE**

Between July 2012 to June 2013 iERA continued to build upon the foundations built in the previous year.

##### **Conferences and Events**

During this period iERA addressed an estimated audience of 50,000 people both nationally and internationally to educate and inspire them on the importance of dawah. This was done through both iERA events and those held by external organizations. The main highlights included;

- On 4<sup>th</sup> November, 'The Challenge of Dawah' conference was held in Leicester.
- On December 8<sup>th</sup> a conference called 'An evening with Abdurraheem Green' was held in Swansea.
- On 6<sup>th</sup> April, a conference themed 'An Evening with Kamal el-Mekki and Friends' was held in London.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 30 JUNE 2013

- On 23<sup>rd</sup> June iERA held the second ‘Seeds of Change’ conference – the largest Muslim women’s conference in Europe with over 1500 women in attendance. This included esteemed female speakers such as Lauren Booth, Yvonne Ridley and iERA speaker Fatima Barkatullah.
- On 22<sup>nd</sup> July iERA held an online teleconference called ‘An evening with Abdurraheem Green and Hamza Tzortzis.’
- iERA speakers including Abdurraheem Green, Yusuf Chambers, Hamza Tzortzis, Adnan Rashid and Fatima Barkatulla delivered over 80 talks in the UK alone.
- On the international stage iERA speakers visited the Netherlands, Denmark, Norway, USA, Canada, Australia, Malaysia, Dubai, Qatar, India, Pakistan. These trips consisted of dawah training and lectures.
- Africa - iERA embarked on a tour to the African countries of Rwanda, Uganda, Burundi, Tanzania, Malawi and South Africa. The purpose was to educate and inspire the local Muslim population to get involved in dawah through talks, dawah training and participation in public dawah activities. This was very warmly received – with over 300 people embracing Islam.
- Bahrain - iERA team members attended the Bahrain Grand Prix and engaged spectators in dawah.

#### **Mission Dawah**

- During the year, iERA accelerated the local ‘dawah missions’ by running these weekly. The missions consist of visiting a local Muslim community, delivering motivational talks and reminders, delivering dawah training after which people are taken out to practically give dawah and build positive relationships with the wider society. This was very warmly received by both Muslims and non-Muslims alike.
- Over 30 such missions were held during this period, including in Leicester, Plymouth, Stoke, Oldham, Glasgow, Halifax, High Wycombe, Swansea, Birmingham, Oxford, Huddersfield, Brighton, Edinburgh, Reading, Liverpool, Bradford as well as many throughout London, including Lewisham, Uxbridge, Harlesden, Manor Park, Hayes, Queens Park, Ealing, Wimbledon, Brixton.
- In addition to this over 2000 people were trained on how to give dawah through the dawah training courses. Many more people, possibly in the thousands have taken the online training and are delivering the course themselves, independently of iERA.
- In January we launched the snow clearance initiative where we motivated local teams to get out in their community and clear people’s drive from snow. Various communities carried this out, which in turn broke down many barriers with the wider society. This was featured in mainstream media such as on the Sky news website.

#### **Muslim Now**

- During this period over 1500 welcome boxes were distributed to new Muslims.
- In August the new Muslim retreat was held, with 75 people attending.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 30 JUNE 2013

- In December another retreat was held with again 75 people attending.
- The **Now, Ready to Grow (NRG)** mentoring course, aimed at Muslims to mentor new Muslims was launched. Courses were delivered on the 8<sup>th</sup> December in Leicester, on 2<sup>nd</sup> March in Sheffield, on 11<sup>th</sup> May in Manchester and 18<sup>th</sup> May in London.
- For the holy month of Ramadan a special series of webinars were held called 'Ramadan essentials'.

#### One Reason

- For the London Olympic Games, we created the brand **Is Life Just a Game?** 750,000 leaflets were produced containing verses from the Qur'an, t-shirts were made, all which directed people to go to the website [www.islifejustagame.com](http://www.islifejustagame.com). An advert was also placed in both the New Statesman and the Big Issue magazines respectively.

As part of this campaign a regular team went to the Olympic sites to engage in dawah and positively engage with participants. On 4<sup>th</sup> August a large 'dawah day' was held where nearly 500 Muslims participated including members from regional teams across the UK. These interactions were warmly received.

- Following the release of the incendiary movie 'Innocence of Muslims' which attacked the character of the Prophet Muhammad (pbuh), iERA initiated a positive campaign "Don't shoot the Messenger" aimed at demystifying who the Prophet (pbuh) was.

For the campaign 100,000 leaflets were produced and distributed, t-shirts developed for teams, and a resource website launched [www.testthemessage.com](http://www.testthemessage.com). This was followed by another 'Dawah Day' on 6<sup>th</sup> October with over 250 people participating.

- During the year, over 1 million materials were distributed throughout the UK. This included the full range of iERA's own publications.
- iERA has made all copies of its publications available to download and print; we are aware of a number of organizations who have printed their own copies. This could run into 100,000 copies.

#### The Big Debates

- On 9<sup>th</sup> March, iERA invited the best selling author Prof. Lawrence Krauss to debate with our senior researcher, Hamza Tzortzis on the topic of 'Islam or Atheism.' The debate was billed as a real heavy weight clash, evidenced by over half a million views of the full 2-hour debate on Youtube.
- On the 24<sup>th</sup> September a debate called 'Was the Qur'an or Bible reliability transmitted?' took place between iERA speaker Adnan Rashid and James White.

#### Research

- iERA researched into and developed 'The Eternal Challenge' workshop that explores the limitations of science in establishing truth claims and the linguistic miracle of the Qur'an.
- The first workshop was held on the 6<sup>th</sup> January at Birkbeck college, the second on the 2<sup>nd</sup> February at the University College London. A third workshop was held in Birmingham on the 12<sup>th</sup> May. In total over 1000 people attended this workshop.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 30 JUNE 2013

- 14 advanced webinars were developed and delivered during this period. Some of these included the following webinars;
  - Islam: The Misunderstood Religion
  - The Qur'anic Argument for God's Existence
  - The Literary Miracle of the Qur'an

## FINANCIAL REVIEW

### Reserves Policy

The trustees have set a reserves policy of £30,000.

For the year ended 30 June 2013 iERA had overall deficit of £4,308 (2012: £6,360). There are a number of factors that explain the yearly deficit. Firstly, the month of Ramadan is when iERA and indeed other Muslim organisations generate the most funds. In the case of iERA this can be anything up to a third of annual income. In 2013 Ramadan took place on the 9th July, hence expenditure on fundraising costs were incurred in 2013, however income was to be received in the 2014 accounts.

iERA also held a major conference called Seeds of Change on the 23rd June. Again, although expenses were paid in the 2013 accounts, most of the income came through in the 2014 accounting period.

With better alignment and planning of expected income dates iERA will be better able to show surplus in future years.

### Principal funding source

The majority of funds are raised through the community. This is done through a range of activities including community events, direct mail, emails, social media, TV and radio appeals and mosque collections.

The trustees are satisfied that the fund raising objectives have been met as highlighted in the achievements and performance section above.

### Measures in place

The trustees have put in place key outcomes and outputs for which funds are to be used. The majority of funds are used to provide services in training, education, communication and organising.

### Other factors

There is a danger of saturation within the Muslim charity sector as many emergency appeals have taken place in the last few years.

### Financial management policy

The trustees took the decision to outsource the accounting function to Amex Accountants. This was to achieve greater efficiency and internal controls in addition to being able to receive regular management accounts for the review of trustees.

## PLANS FOR FUTURE PERIODS

The main focus is on working in the community. This is achieved through developing and deploying local community organisers whereby local groups would be provided with training and organising support to effectively reach out to the wider society in a positive way.

This will involve producing and delivering training courses on how to support new Muslims, to provide basic Islamic education, advanced seminars and webinars on major theological and philosophical themes and Islam.



# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 30 JUNE 2013

There will also be a greater push to print and distribute more materials, both in the UK and abroad. Content will also be pushed out through social media such as Youtube, Facebook and twitter.

#### **RESPONSIBILITIES OF THE TRUSTEES**

The trustees (who are also the directors of Islamic Education and Research Academy (Iera) for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK 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 charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees have complied with their duty as per section 4 of the 2011/ 2006 Charities Act to have due regard to the guidance published by the Charity Commission, including public benefit guidance.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 30 JUNE 2013

### AUDITOR

One Stop Audit Limited are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Registered office:  
Suite 321 Crown House  
North Circular Road  
London  
NW10 7PN

Signed by order of the trustees



S J Sattar  
Vice-Chairman (CEO)

29 April 2014

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

YEAR ENDED 30 JUNE 2013

We have audited the financial statements of Islamic Education and Research Academy (Iera) for the year ended 30 June 2013 on pages 11 to 19, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and on the basis of the accounting policies set out on pages 13 to 14.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under section 154 of the Charities Act 2011. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law (FRSSE 2008) and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Basis for qualified opinion on financial statements**

The charity is using many individuals as contractors for the services they provide to the charity. The trustees are of the opinion that they are all working for the charity as self-employed and their contracts are accordingly reflecting this fact. We have reviewed a sample of these contracts and we have taken a different view than the trustees. Our view is that some or all of these contractors may be classed as employees and the charity may end up paying a material amount of national Insurance Contributions, penalties and interest. As we are unable to quantify the potential liabilities in this regard therefore we are of the opinion that the Charitable company's liabilities on its balance sheet may be materially understated.

### **Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2013, and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

YEAR ENDED 30 JUNE 2013

### Emphasis of matter – Going concern

In forming our opinion on the financial statements, which are not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The charitable company had net outgoing resources for the current and last year and have net liabilities on its balance sheet. Also the charity's incoming resources from voluntary income, for period under audit, did not turn out to be as expected. This indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if company was unable to continue as a going concern.

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

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Naeem Shaikat (FCCA)  
Senior Statutory Auditor

For and on behalf of  
ONE STOP AUDIT LIMITED  
Chartered Certified Accountants  
& Registered Auditors  
63 Morgan Close  
Luton Bedfordshire  
LU4 9GL

29 April 2014

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 30 JUNE 2013

|   | Note | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|---|------|--------------------------|--------------------------|
| <b>INCOMING RESOURCES</b>   |      |                          |                          |
| Incoming resources from generating funds:                                   |      |                          |                          |
| Voluntary income  | 2    | 817,582                  | 882,810                  |
| <b>TOTAL INCOMING RESOURCES</b>   |      | <u>817,582</u>           | <u>882,810</u>           |
| <b>RESOURCES EXPENDED</b>   |      |                          |                          |
| Costs of generating funds:  |      |                          |                          |
| Costs of generating voluntary income  | 3    | (162,777)                | (262,223)                |
| Charitable activities   | 4/5  | (611,311)                | (605,939)                |
| Governance costs  | 6    | (47,802)                 | (21,008)                 |
| <b>TOTAL RESOURCES EXPENDED</b>   |      | <u>(821,890)</u>         | <u>(889,170)</u>         |
| <b>NET OUTGOING RESOURCES FOR THE YEAR/NET<br/>EXPENDITURE FOR THE YEAR</b> | 8    | (4,308)                  | (6,360)                  |
| <b>RECONCILIATION OF FUNDS</b>  |      |                          |                          |
| Total funds brought forward   |      | (5,971)                  | 389                      |
| <b>TOTAL FUNDS CARRIED FORWARD</b>  |      | <u>(10,279)</u>          | <u>(5,971)</u>           |

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 13 to 19 form part of these financial statements.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## BALANCE SHEET

30 JUNE 2013

|  | Note | 2013<br>£              | 2012<br>£             |
|--|------|------------------------|-----------------------|
| <b>FIXED ASSETS</b>  |      |                        |                       |
| Tangible assets  | 12   | 5,769                  | 4,412                 |
| <b>CURRENT ASSETS</b>  |      |                        |                       |
| Debtors  | 13   | 23,964                 | 5,324                 |
| Cash at bank and in hand                                       |      | 15,984                 | 66,648                |
|  |      | <u>39,948</u>          | <u>71,972</u>         |
| <b>CREDITORS: Amounts falling due within one year</b>          | 14   | <u>(55,996)</u>        | <u>(47,355)</u>       |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      | <b>(16,048)</b>        | 24,617                |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u><b>(10,279)</b></u> | <u>29,029</u>         |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 15   | <u>–</u>               | <u>(35,000)</u>       |
| <b>NET LIABILITIES</b>   |      | <u><b>(10,279)</b></u> | <u><b>(5,971)</b></u> |
| <b>FUNDS</b>   |      |                        |                       |
| Unrestricted income funds                                      | 16   | <u><b>(10,279)</b></u> | <u><b>(5,971)</b></u> |
| <b>TOTAL FUNDS</b>   |      | <u><b>(10,279)</b></u> | <u><b>(5,971)</b></u> |

The trustees are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act. However it is required to have a statutory audit under the Charities Act 2011.

The trustees acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the members of the committee on the 29<sup>th</sup> April 2014 and are signed on their behalf by:



MR S J Sattar  
Director

Company Registration Number: 06941044

The notes on pages 13 to 19 form part of these financial statements.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The trustees have considered the implications of the Insolvency Act 1986 as modified by the Enterprise Act 2002 and regard the balance sheet position as temporary. The trustees have taken the necessary steps to improve the financial position of the company and as a result, the financial results of the company in the post balance sheet period have shown a significant signs of recovery. The charitable company has now returned to a position of net surplus in its unrestricted income funds. The trustees are confident that the company will continue to grow and keep improving its financial strength in the forthcoming months and based on these facts they consider it appropriate to prepare these accounts on a going concern basis.

#### **Donations**

Donations are only included in the statement of financial activities when the charity has unconditional entitlement to the resources.

#### **Resources expended**

Cost of generating funds comprises the costs associated with attracting voluntary income and the costs of trading for fund raising purposes. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It included both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.

#### **Fixed assets**

All fixed assets are initially recorded at cost. They are valued at cost or a reasonable value on receipt.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                     |   |                          |
|---------------------|---|--------------------------|
| Equipment           | - | 20% straight line method |
| Fixtures & Fittings | - | 20% straight line method |

#### **Sub-contractor costs and allocation**

The charity relies on sub-contractors for performing its core charitable activities. These self-employed consultants are hired on fixed fee basis and operate independently to assess, design and execute various types of dawah, fundraising and other activities approved by the management. The sub-contractors invoice the organisation for various activities undertaken during the period and based on the area they work in, such costs are recognised in the accounts within that particular activity, after assessing first whether it constitutes a charitable activity or not, in which case, their costs, or a proportion thereof, is treated as direct charitable activity.

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 1. ACCOUNTING POLICIES *(continued)*

#### Tax reclaims on donations

Incoming resources from tax reclaims are included in the SOFA at the same time as the gift to which they relate.

#### Governance costs

Governance costs include the preparation and examination of statutory accounts, the costs of trustee meetings and cost of any legal advice to trustees on governance or constitutional matters.

#### Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

### 2. VOLUNTARY INCOME

|                     | Unrestricted<br>Funds<br>£ | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|---------------------|----------------------------|--------------------------|--------------------------|
| <b>Other income</b> |                            |                          |                          |
| Voluntary income    | <u>817,582</u>             | <u>817,582</u>           | <u>882,810</u>           |

Voluntary income is entirely comprised of donations receivable during the year.

### 3. COSTS OF GENERATING VOLUNTARY INCOME

|   | Unrestricted<br>Funds<br>£ | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|---|----------------------------|--------------------------|--------------------------|
| Marketing, design and advertising costs | 47,378                     | 47,378                   | 98,819                   |
| Fundraising events costs                | 113,378                    | 113,378                  | 127,679                  |
| Speakers fees                           | 2,021                      | 2,021                    | 35,725                   |
|   | <u>162,777</u>             | <u>162,777</u>           | <u>262,223</u>           |

### 4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

|                              | Unrestricted<br>Funds<br>£ | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|------------------------------|----------------------------|--------------------------|--------------------------|
| Direct charitable activities | 254,447                    | 254,447                  | 269,017                  |
| Support costs                | 356,864                    | 356,864                  | 336,922                  |
|                              | <u>611,311</u>             | <u>611,311</u>           | <u>605,939</u>           |

Support costs are entirely attributable to direct charitable activities.



# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

Direct charitable activities comprise of:

|                               | Unrestricted<br>Funds<br>£ | Total<br>Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|-------------------------------|----------------------------|-----------------------------|--------------------------|
| Donations paid                | 3,660                      | 3,660                       | 63,073                   |
| Cost of gifts                 | 121,159                    | 121,159                     | 58,027                   |
| Accommodation costs           | –                          | –                           | 5,760                    |
| Research costs                | 79,261                     | 79,261                      | 63,536                   |
| Other direct charitable costs | 50,367                     | 50,367                      | 78,621                   |
|                               | <u>254,447</u>             | <u>254,447</u>              | <u>269,017</u>           |

### 5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

|                              | Activities<br>undertaken<br>directly<br>£ | Support<br>costs<br>£ | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|------------------------------|---|-----------------------|--------------------------|--------------------------|
| Direct charitable activities | <u>254,447</u>                            | <u>356,864</u>        | <u>611,311</u>           | <u>605,939</u>           |

### 6. GOVERNANCE COSTS

|                       | Unrestricted<br>Funds<br>£ | Total Funds<br>2013<br>£ | Total Funds<br>2012<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|
| Accountancy fees      | 28,349                     | 28,349                   | 4,745                    |
| Audit fees            | 3,500                      | 3,500                    | 3,600                    |
| Other financial costs | 15,953                     | 15,953                   | 12,663                   |
|                       | <u>47,802</u>              | <u>47,802</u>            | <u>21,008</u>            |

### 7. ANALYSIS OF SUPPORT COSTS

|                                 | Total 2013<br>£ | Total 2012<br>£ |
|---------------------------------|-----------------|-----------------|
| Communications and IT           | 22,059          | 23,958          |
| Legal and professional          | 190,087         | 146,000         |
| Depreciation                    | 2,271           | 1,545           |
| Wages/salaries                  | 25,945          | 21,114          |
| Rent                            | 53,315          | 45,114          |
| Travel costs                    | 25,939          | 24,386          |
| Telephone                       | 14,004          | 18,790          |
| Printing postage and stationery | 12,120          | 36,410          |
| Equipment hire                  | 9,405           | –               |
| Other costs                     | 1,719           | 19,605          |
|                                 | <u>356,864</u>  | <u>336,922</u>  |

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 8. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

|  | 2013         | 2012         |
|--|--------------|--------------|
|  | £            | £            |
| Depreciation   | 2,271        | 1,545        |
| Auditors' remuneration:<br>- audit of the financial statements | <u>3,500</u> | <u>3,600</u> |

### 9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

|                       | 2013          | 2012          |
|-----------------------|---------------|---------------|
|                       | £             | £             |
| Wages and salaries    | 23,135        | 19,403        |
| Social security costs | <u>2,810</u>  | <u>1,711</u>  |
|                       | <u>25,945</u> | <u>21,114</u> |

#### Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

|                                | 2013     | 2012     |
|--------------------------------|----------|----------|
|                                | No       | No       |
| Number of distribution staff   | 1        | -        |
| Number of administrative staff | 3        | 1        |
| Number of management staff     | <u>1</u> | <u>-</u> |
|                                | <u>5</u> | <u>1</u> |

No employee received remuneration of more than £60,000 during the year (2012 - Nil).

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 10. TRUSTEES' REMUNERATION

During the year the following trustees were paid remuneration in their capacity as consulting speakers/ fundraisers at fundraising events. These payments were made in line with the provisions of the charity's governing documents.

|                  |                          | 2013  | 2012   |
|------------------|--------------------------|-------|--------|
|                  |                          | £     | £      |
| Mr S Sattar      | Speakers/ consulting fee | 2,800 | 16,700 |
| Mr AR Green      | Speakers fee             | -     | 25,616 |
| Green & Chambers | Speakers fee             | -     | 2,000  |

Green & Chambers is a firm owned by two of the trustees Mr AR Green and Mr T J Chambers.

The board is satisfied that the services provided by the trustees were exclusive to their personalities. Furthermore, they represented extraordinary value to the charity's cause, not available through any other means. Due to the trustees' stature and public following, these services were vital in the charity's fundraising activities without which it would not have been possible to generate incoming resources to the extent that it has managed during the year.

All payments received by the trustees were in their capacity as self-employed consultants and have been accounted for as their personal income for tax purposes.

Following trustees were also reimbursed for the expenses they incurred on behalf of the charity.

|              |                      | 2013  | 2012 |
|--------------|----------------------|-------|------|
|              |                      | £     | £    |
| Mr AR Green  | Travel reimbursement | 2,134 | -    |
| T J Chambers | Travel reimbursement | 1,528 | -    |

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 11. RELATED PARTY TRANSACTIONS

The charity works in close association with Peace Giving Foundation, a registered charity related to Islamic Education & Research Academy by virtue of common trustee, S Sattar. During the year, donations totalling £Nil (2012: £40,000) were given to Peace Giving Foundation towards the common cause of Mission Dawah. There was no outstanding payment as at year ended 30 June 2013 (2012: £Nil).

S Sattar, a trustee of charity, is also the director of Fresh Date limited which provided consultancy services to the charity. Total cost of these services during the year ended 30 June 2013 amounted to £37,000 (2012: £Nil). There was no outstanding payment as at year ended 30 June 2013 (2012: £Nil). All the transactions were undertaken at arm's length.

Included in professional fee are the payments of total £6,750 (2012: £Nil) made to Diba Sattar, sister of charity trustee S Sattar. All the transactions were undertaken at arm's length. There was no outstanding payment as at year ended 30 June 2013 (2012: £Nil).

Three of the trustees, S Sattar, T J Chambers and A R Green are also directors of IERA Ltd, a company that raises donations on behalf of the charity. During the year ended 30 June 2013, IERA Ltd received donations of £9,333 (2012: £226,390) and expended resources of £38,646 (2012: £227,716) on behalf of the charity. Included within other debtors is the balance payable of £Nil (2012: 1,840) by IERA Ltd to the charity.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities (FRSSE 2008)

### 12. TANGIBLE FIXED ASSETS

|                        | Equipment<br>£ | Fixtures &<br>Fittings<br>£ | Total<br>£    |
|------------------------|----------------|-----------------------------|---------------|
| <b>COST</b>            |                |                             |               |
| At 1 July 2012         | 1,975          | 5,752                       | 7,727         |
| Additions              | 2,931          | 697                         | 3,628         |
| <b>At 30 June 2013</b> | <u>4,906</u>   | <u>6,449</u>                | <u>11,355</u> |
| <b>DEPRECIATION</b>    |                |                             |               |
| At 1 July 2012         | 395            | 2,920                       | 3,315         |
| Charge for the year    | 981            | 1,290                       | 2,271         |
| <b>At 30 June 2013</b> | <u>1,376</u>   | <u>4,210</u>                | <u>5,586</u>  |
| <b>NET BOOK VALUE</b>  |                |                             |               |
| <b>At 30 June 2013</b> | <u>3,530</u>   | <u>2,239</u>                | <u>5,769</u>  |
| At 30 June 2012        | <u>1,580</u>   | <u>2,832</u>                | <u>4,412</u>  |

# ISLAMIC EDUCATION AND RESEARCH ACADEMY (IERA)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

### 13. DEBTORS

|               | 2013          | 2012         |
|---------------|---------------|--------------|
|               | £             | £            |
| Other debtors | 5,464         | 5,324        |
| Prepayments   | 18,500        | —            |
|               | <u>23,964</u> | <u>5,324</u> |

### 14. CREDITORS: Amounts falling due within one year

|                                  | 2013          | 2012          |
|----------------------------------|---------------|---------------|
|                                  | £             | £             |
| Trade creditors                  | 37,590        | —             |
| Taxation and social security     | 1,556         | 6,908         |
| Wages control account            | 4,850         | —             |
| Other creditors (unsecured loan) | 5,000         | —             |
| Accruals                         | 7,000         | 40,447        |
|                                  | <u>55,996</u> | <u>47,355</u> |

### 15. CREDITORS: Amounts falling due after more than one year

|                                  | 2013 | 2012   |
|----------------------------------|------|--------|
|                                  | £    | £      |
| Other creditors (unsecured loan) | —    | 35,000 |

### 16. UNRESTRICTED INCOME FUNDS

|               | Balance at<br>1 July 2012 | Incoming<br>resources | Outgoing<br>resources | Balance at<br>30 June 2013 |
|---------------|---------------------------|-----------------------|-----------------------|----------------------------|
|               | £                         | £                     | £                     | £                          |
| General Funds | <u>(5,971)</u>            | <u>817,582</u>        | <u>(821,890)</u>      | <u>(10,279)</u>            |

### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

|                           | Tangible<br>fixed assets | Net current<br>assets/<br>(liabilities) | Total           |
|---------------------------|--------------------------|---|-----------------|
|                           | £                        | £                                       | £               |
| Unrestricted Income Funds | <u>5,769</u>             | <u>(16,048)</u>                         | <u>(10,279)</u> |
| Total Funds               | <u>5,769</u>             | <u>(16,048)</u>                         | <u>(10,279)</u> |