

Elrahma Charity Trust

(formerly Charity Islamic Trust Elrahma)

Annual report and financial statements

for the year ended 31 December 2020

Charity Registration Number 1026927

Elrahma Charity Trust

Annual report and financial statements for the year ended 31 December 2020

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Elrahma Charity Trust

REFERENCE AND ADMINISTRATIVE DETAILS

| | | |
|--------------------------|--|------------|
| Trustees | Mr. Abubaker Megerisi Mr. Omar Megerisi Mr. Otman Megerisi Mr. Hazem Megerisi Mr. Patrick D Daniels (deceased 27 February 2020) Mr. Mohamed Megerisi Mr. Ali Abubaker Megerisi Mr. Ahmed Tarek Megerisi | (Chairman) |
| Auditors | Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG | |
| Bankers | National Westminster Bank PLC Piccadilly & New Bond Street (A) Branch 63-65 Piccadilly London W1J 0AJ | |
| Solicitors | Brecher 4 th Floor 64 North Row London W1K 7DA | |
| Registered Office | Suite 201 Stanmore Business & Innovation Centre Stanmore Place Howard Road Stanmore HA7 1BT | |

Elrahma Charity Trust

Report of the Trustees for the year ended 31 December 2020

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2020. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Trust Deed, the Charities Act 2011 and the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

The Objects for which Elrahma Charity Trust is established are "the relief of poverty and advancement of education and religion in the Muslim Community, to assist the poor and orphans of the Islamic religion, to erect or help to erect schools, charitable institutions, mosques, orphanages and nurseries for the Islamic Community in the United Kingdom and abroad. Priority is given to such charitable works as may be conducive to or as shall further the relief of poverty and suffering among Muslims.

Grant making policy

The Charity provides donations and grants to individuals and other charitable organisations in accordance with its objects. Applications for educational grants are received by the Charity and reviewed by the trustees. Awards are made to applicants who meet the specific criteria.

In the year the charity has followed policies of providing financial assistance to only those organisations in the United Kingdom and abroad whose aims and objectives were similar to its own and were actively engaged in achieving these objectives.

The charity provides financial assistance to only those organisations with bona-fide registered charitable status. The charitable institutions seeking financial assistance are required to submit in support of their application, their constitution in the form of a Trust Deed, Memorandum and Articles of Association of a Limited Company with charitable objectives and registered as such as a charity.

Financial assistance/grants are awarded only to full time students studying in an internationally recognised university and their application must be accompanied by references and recommendations from former and present educational institutions. Applications from only those students are considered who have achieved exceptionally good results in their previous academic qualifications and are expected to produce good results in their future studies.

Investment properties

The following properties are held as investments:

25 and 26 Lovat Lane, London EC3, is let to London Institute of Finance and Banking.

11 to 35 St. John's Street, London EC1, was let to WPP Group Limited until December 2018 when the property became vacant.

In October 2019 an independent valuation of the freehold investment properties was undertaken by Ms Emma Bailey MRICS of Cushman & Wakefield LLP which resulted in a valuation of the properties as at 31 December 2018 at £29,450,000. The Trustees have reviewed the position at 31 December 2020 and are of the opinion that, given the current changes to the one property and amounts being spent to refurbish it, and the other being let on the same terms as the previous year, that there has been no material movement in the valuation.

Programme Related Investments

In line with its overall objectives the Charity has for some years owned properties which it provides to other charities for them to operate as places of worship. This aspect of its activities the properties concerned have been separately identified as Programme Related Investments in the accounts.

Elrahma Charity Trust

Report of the Trustees for the year ended 31 December 2020 (continued)

Satisfying the public benefit clause

Details of the main activities undertaken to further the charity's purposes for the public benefit are described above under grant-making and below under Achievements and Performance.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives, in planning its future activities and in setting its grant making policy.

ACHIEVEMENTS AND PERFORMANCE

The audited accounts for the year ended 31 December 2020 have been prepared and accompany this report. The Trustees are pleased and satisfied that the charity has achieved its objectives in accordance with its constitution and hopefully will continue to use its funds to achieve the similar objectives in the future.

The total number of donations made to charitable organisations and overseas institutions was 1 and the total value of this donation was £235,195 (2019: £450,975). The total number of students who received educational grants was 113 and the total amount of grants awarded to these students was £145,200 (2019: £148,058). The financial relief to poor families amounted to £44,637 (2019: £53,556).

The organisations benefiting from the charitable donations in the United Kingdom and abroad were involved in running schools, mosques, adult education classes, orphanages, nurseries, sponsorship of orphans, students, poor families and provision of humanitarian aid.

The charity does not fund raise with members of the public and accordingly there have been no complaints received regarding fund raising in the year (2019: None).

FINANCIAL REVIEW

The income for the year ended 31 December 2020 was £947,747 (2019: £1,004,660). Investment income of £694,547 (2019: £675,011) was supplemented by income received in respect of a property sold in 2016 of £253,200.

The cost of charitable activities, excluding governance costs, was £860,540 (2019: £1,286,278). The Governance costs amounted to £14,238 (2019: £8,610). The operating income for this period was £72,969 (2019 - : operating loss £290,228) and at the year end, the aggregate value of the funds was £55,270,636 (2019: £55,197,667).

Consideration has been given to the impact on cash flow and the Trustees are satisfied that the Charity's cash reserves are more than adequate to offset any negative impact arising from the crisis.

Investment strategy, powers and performance

The powers of the Trustees, including the powers of investment, are set out in the Trust Deed. These include investment in freehold and leasehold properties (more than 60 years) and in approved investment funds.

The Trustees seek to invest in properties in sought after locations which they consider offer a satisfactory return both in terms of income and prospective capital appreciation in the long term, without assuming an undue degree of risk. The income is used to make charitable donations and to meet the cost of maintaining the charity. The requirement that a property offers prospects of capital appreciation is intended to ensure that the charity maintains sufficient capital, in the form of income-producing property, to be able to meet its commitments in the future.

The trustees are satisfied with the performance of the investments given the level of occupancy in the year.

Elrahma Charity Trust

Report of the Trustees

for the year ended 31 December 2020 (continued)

Reserves policy

The assets that make up the charity's funds are unrestricted and accordingly they are also available as the general reserves. In addition to careful planning of the cash flow, so as to meet both grant commitments payable in the year and the administration expenditure from the agreed budget, the charity maintains a cash reserve to cover anticipated grant and other future commitments in the current and forthcoming financial years.

Whilst the Trustees have substantial cash reserves they are expecting to spend a significant sum in the refurbishment of one of its properties. Once the amount needed to fund this is clear to the Trustees it is their plan to invest any further surplus in another investment property.

Key performance indicators

Given the straightforward nature of the activities of the charity, the trustees are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Risk Management

The Trustees consider the major risks to which the organisation may be exposed at their meetings and consider the likelihood and impact of all significant risks. All significant risks, together with current mitigation actions, are reviewed regularly throughout the year and the Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties identified by the charity are as follows:

| Risk identified | Action taken to mitigate the risk |
|---|--|
| Shortfall on receipt of property income. | The Trustees put emphasis on the quality of tenant covenants. In addition the charity has substantial reserves which would provide cover for activities should there be a shortfall. |
| Reputational risk arising from charitable activities. | The Trustees maintain a close involvement in the charity's day to day activities and donations. In addition procedures and controls are regularly reviewed. |
| Impact of Covid Crisis | Appropriate action has been taken to ensure the protection of all employees. The crisis is considered to have a limited affect on the charity's activities. The Trustees are keeping the impact of the crisis under review to the extent that it impacts on its investment property. |
| Reduction in applications received for charitable help. | A marketing plan for the Charity is under consideration. |

Elrahma Charity Trust

Report of the Trustees for the year ended 31 December 2020 (continued)

PLANS FOR FUTURE PERIODS

The trustees will continue to take steps to maximise income from investments by seeking higher level of occupancy on its freehold investment properties. In addition further investments in investment property are planned. Following the vacation of the St John Street property the Trustees are pursuing a plan of refurbishment of this investment with a view to maximising the long term return thereon.

The trustees provide properties for the use of other charities. Should the opportunity arise further programme related investments will be made.

The Trustees are mindful of the potential need for charitable help arising from the impact of the Coronavirus outbreak and will provide help should a suitable need be identified.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Elrahma Charity Trust was registered as a charity with the Charity Commissioners (Registration number 1026927) under a Trust Deed executed on 27 September 1993.

The Trustees, all of whom held office during the year ended 31 December 2020 and up to date of this report were:

Mr Abubaker Megerisi (Chairman)
Mr Omar Megerisi
Mr Otman Megerisi
Mr Hazem Megerisi
Mr Patrick D Daniels (Deceased 27 February 2020)
Mr. Mohamed Megerisi
Mr. Ali Abubaker Megerisi
Mr. Ahmed Tarek Megerisi

The first five trustees are the founder members of the Trust since its declaration on 27 September 1993. The Trust Deed requires a minimum of three trustees and gives the trustees power over the appointment of further trustees. In selecting further persons to be appointed as trustees, the trustees are required to take into account the benefits of appointing a person who is able by virtue of his or her personal or professional qualifications to make a contribution to the pursuit of the objects or the management of the Charity.

The governing body of the Charity is the Board of Trustees, which comprises eight members and meets at least twice a year to review the performance of the Charity. The Board of Trustees has set up a Committee of two trustees including the Chairman of the Board. It meets on a regular basis and is actively involved in supervising the Charity's administrative and financial affairs and also makes day to day management decisions. It approves educational grants to Muslim students and funding to the Islamic institutions.

New Trustees undergo an induction process which includes a briefing session and meetings with other trustees. An induction pack is given to new Trustees and additional opportunities to attend external meetings and conferences are offered and encouraged. Ongoing training needs are assessed and met.

Al-Anama Charity Trust

Report of the Trustees for the year ended 31 December 2020 (continued)

Remuneration of key management personnel

The remuneration of all employees is set by the Trustees. All key management decisions are taken by the Trustees who are not remunerated. Were the Trustees to delegate control over this area it would result in an increase in remuneration which they do not see as necessary at present.

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 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 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 with the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

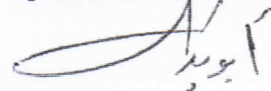
Information provided to auditors

With regard to the preparation of this Annual Report and Financial Statements, so far as each trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

A resolution to reappoint Haysmacintyre LLP as auditors to the charity will be proposed at a future trustees' meeting.

By order of the Trustees:



Abubaker Megerisi
Trustee

28 October 2021

Elrahma Charity Trust

Independent auditor's report to the trustees of Elrahma Charity Trust

Opinion

We have audited the financial statements of Elrahma Charity Trust] for the year ended 31 December 2020 which comprise the Statement of Financial Activities, 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 2020 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. 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.

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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

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Charities Act 2011, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements

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such as the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2015), FRS102 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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 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.

Haysmacintyre LLP

Haysmacintyre LLP

Statutory Auditors

[date] 29th October 2021

10 Queen Street Place

London

EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Elrahma Charity Trust

Statement of financial activities for the year ended 31 December 2020

| | Note | 2020 | 2019 |
|--|----------|-------------------|-------------------|
| | | £ | £ |
| Income from: | | | |
| Investments | 2 | 694,547 | 675,011 |
| Donations | | - | - |
| Other income | 6 | 253,200 | 329,649 |
| Total Income | | 947,747 | 1,004,660 |
| Expenditure on: | | | |
| Charitable activities | 3, 4 & 5 | 874,778 | 1,294,888 |
| Total expenditure | | 874,778 | 1,294,888 |
| Net income/(expenditure) | | 72,969 | (290,228) |
| Reconciliation of funds: | | | |
| Balance brought forward at 1st January 2020 | | 55,197,667 | 55,487,895 |
| Balance carried forward at 31 December 2020 | | 55,270,636 | 55,197,667 |

All funds in both years are unrestricted.

All the above results are derived from continuing activities.

All gains and losses recognised in the year are included above and therefore no separate statement of total recognised gains and losses has been presented.

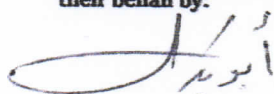
The accompanying notes form part of these financial statements

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Balance sheet as at 31 December 2020

| | Note | 2020 £ | 2019 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible fixed assets | 7 | 475 | 634 |
| Investment properties | 8 | 29,695,586 | 29,591,506 |
| Programme related investments | 9 | 3,363,363 | 3,363,363 |
| | | 33,059,424 | 32,955,503 |
| Current assets | | | |
| Debtors | 10 | 185,850 | 249,914 |
| Cash at bank and in hand | | 22,356,687 | 22,456,954 |
| | | 22,542,537 | 22,706,868 |
| Current liabilities | | | |
| Creditors: amounts falling within one year | 11(a) | (255,443) | (388,851) |
| | | 22,287,094 | 22,318,017 |
| Net current assets | | | |
| Creditors: amounts falling due after more than one year | 11(b) | (75,882) | (75,853) |
| | | 55,270,636 | 55,197,667 |
| Net assets | | | |
| The funds of the charity: | | | |
| Unrestricted funds | 12 | 55,270,636 | 55,197,667 |

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on their behalf by:



Abubaker Megerisi
Trustee



Othman Megerisi
Trustee

28 October 2021

The accompanying notes form part of the financial statements

Elrahma Charity Trust

Statement of Cash Flows

| | 2020 | 2019 |
|--|-------------------|-------------|
| | £ | £ |
| Cash flows from operating activities: | | |
| <i>Net cash (used in) operating activities (see below)</i> | (930,034) | (1,414,236) |
| Cash flows from investing activities: | | |
| Rents from investments | 694,547 | 675,011 |
| Gains from sale of property | 253,200 | 567,000 |
| Purchase of fixed assets | (104,080) | (141,506) |
| <i>Net cash provided by investing activities</i> | 843,667 | 1,100,505 |
| <i>Change in cash and cash equivalents in the year</i> | (86,367) | (313,731) |
| <i>Cash and cash equivalents at the start of the year</i> | 22,456,954 | 22,770,685 |
| <i>Cash and cash equivalents at the end of the year</i> | 22,370,587 | 22,456,954 |

RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | | |
|--|------------------|-------------|
| <i>Net income/(expenditure) for the year (as per the Statement of Financial Activities)</i> | 72,969 | (290,228) |
| Adjustments for: | | |
| Depreciation charges | 159 | 317 |
| Gains from sale of property | (253,200) | (567,000) |
| Rents from investments | (694,547) | (675,011) |
| Decrease/(Increase) in debtors | 64,064 | (149,996) |
| (Decrease)/increase in creditors | (119,479) | 267,682 |
| <i>Net cash (used in) operating activities</i> | (930,034) | (1,414,236) |

ANALYSIS OF NET DEBT

| | At 1 January 2020 | Cash Flow | At 31 December 2020 |
|--------------------------|----------------------|-----------|---------------------------|
| Cash at bank and in hand | 22,456,954 | (86,367) | 22,370,587 |
| Total | 22,456,954 | (86,367) | 22,370,587 |

Elrahma Charity Trust

Notes to the accounts For the year ended 31 December 2020

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Elrahma Charity Trust 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 notes.

Tangible fixed assets

The cost of tangible fixed assets, other than investment properties, is their purchase cost, together with any incidental expenses of acquisition. All tangible assets costing more than £100 are capitalised, and any item costing less than this is written off as expenditure. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned on a reducing balance basis:

| | |
|-----------------------|---------------|
| Office Equipment | 25% per annum |
| Fixtures and fittings | 25% per annum |

Investment properties

The Investment Properties are held at fair value. No depreciation is charged and movements in valuation are taken to the Statement of Financial Activities. The most recent independent valuation of the freehold investment properties was undertaken in October 2019 by Ms Emma Bailey MRICS of Cushman & Wakefield LLP.

Programme related investments

Programme related investments are those assets that are used for charitable purposes and not for financial return. These assets are valued at original cost and are not depreciated.

Exchange differences

Monetary assets and liabilities have been translated into sterling at the rates of exchange ruling at the year end. All other foreign exchange differences are taken to the Summary of Financial Activities in the year in which they arise.

Income recognition

The charity recognises income when all of the following criteria are met: the charity has entitlement to the funds and any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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Notes to the accounts For the year ended 31 December 2020

1 Accounting policies (continued)

Where income has related expenditure (as with fundraising or similar income), the income and related expenditure are reported gross in the Statement of Financial activities.

Investment income mainly represents rentals receivable from tenants occupying the investment properties and is accounted for on accruals basis. Interest on deposit funds held is included when receivable and the amount can be measured reliably. Dividends are recognised once the dividend has been declared and notification has been received or dividend is due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio.

Donations comprise amounts received during the year. Gifts provided in kind are valued based on cost information provided by the donor, if not available then an estimate is made of current value in use of the asset.

Irrecoverable value added tax (VAT)

The charity registered for VAT during the year and has opted to tax one of its properties. As this is a partial registration it cannot recover VAT it pays on some of its acquisition of goods and services. Irrecoverable VAT forms part of the charity's overall expenditure and is either accounted for with the expenditure to which it relates or is capitalised within tangible fixed assets.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis under the following headings:

Charitable activities represents donations paid by the Trust during the year and the cost of services provided by some staff members to the El Farouq Foundation.

Support costs represent the cost of running the charity and typically include the cost of the finance function, office facilities and information technology costs, legal and professional fees and bank charges.

Certain expenditure is apportioned to cost categories based on the amount attributable to that activity in the year. These estimates are based upon staff time. An analysis of direct charitable expenditure is available in note 3.

Governance costs are those costs associated with strategic as oppose to Charity's management and administration costs. These include such items as external audit, legal advice and costs associated with compliance of constitutional and statutory requirements.

Fund Accounting

Unrestricted funds

Funds are available to spend on activities that further any of the purposes of the charity.

Designated Funds

Funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose.

Debtors

Debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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Notes to the accounts

For the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Cash at bank

Cash at bank and in hand includes bank accounts, cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Estimation uncertainty

In the view of the trustees in applying the accounting policies adopted, other than the valuation of investment property as mentioned in the trustees report, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Financial Instruments

The Charity only has basic financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Investment Income

| | 2020 | 2019 |
|---------------------------|----------------|---------|
| | £ | £ |
| Rental income | 338,159 | 359,710 |
| Dilapidation compensation | 254,360 | 165,640 |
| Interest receivable | 102,028 | 149,661 |
| | 694,547 | 675,011 |

3. Charitable activities

| | 2020 | 2019 |
|-----------|----------------|---------|
| | £ | £ |
| Donations | 425,032 | 652,589 |

Included in donations are educational grants to 13 individuals totalling £145,200 (2019: 17 individuals received £148,058)

Elrahma Charity Trust

Notes to the accounts For the year ended 31 December 2020 (continued)

4. Support costs

| | 2020 | 2019 |
|----------------------------------|----------------|---------|
| | £ | £ |
| Wages & salaries (Note 13) | 126,706 | 121,083 |
| Bank charges | 1,264 | 2,462 |
| Legal & professional fees | 98,013 | 135,838 |
| Rent and rates | 17,249 | 22,674 |
| Travel | 2,332 | 659 |
| Insurance | 42,350 | 37,129 |
| Communications | 3,181 | 1,828 |
| Electricity and gas | 10,885 | 16,392 |
| Depreciation | 159 | 317 |
| Dilapidation reinstatement costs | 4,247 | 165,640 |
| Security | 113,365 | 121,543 |
| Maintenance | 15,555 | 6,289 |
| Training | - | 1,199 |
| Stationery, postage and printing | 199 | 636 |
| | 435,508 | 633,689 |

Governance Costs

| | 2020 | 2019 |
|------------|---------------|-------|
| | £ | £ |
| Audit Fee | 10,800 | 6,820 |
| Tax advice | 1,740 | - |
| VAT advice | 1,698 | - |
| | 14,238 | 6,820 |

Elrahma Charity Trust

Notes to the accounts

For the year ended 31 December 2020 (continued)

6 . Other Income

| | 2020 | 2019 |
|---|----------------|---------|
| | £ | £ |
| Income from sale of property | 237,327 | 329,649 |
| Coronavirus Job Retention Scheme claims | 15,873 | - |
| | 253,200 | 329,649 |

7. Tangible fixed assets

| | Office Equipment | Fixtures and Fittings | Total |
|--|---------------------|--------------------------|--------------|
| | £ | £ | £ |
| Cost/Valuation | | | |
| At 1 January and 31 December 2020 | 1,784 | 511 | 2,295 |
| Accumulated Depreciation | | | |
| At 1st January 2020 | 1,293 | 368 | 1,661 |
| Charge for year | 123 | 36 | 159 |
| At 31 December 2020 | 1,416 | 404 | 1,820 |
| Net Book Value | | | |
| At 31 December 2020 | 368 | 107 | 475 |
| At 31 December 2019 | 491 | 143 | 634 |

Elrahma Charity Trust

Notes to the accounts

For the year ended 31 December 2020 (continued)

8. Freehold Investment Properties

| | 2020 | 2019 |
|---------------------|-------------------|------------|
| | £ | £ |
| <hr/> | | |
| Valuation | | |
| At 1 January 2020 | 29,591,506 | 29,450,000 |
| Additions | 104,080 | 141,506 |
| At 31 December 2020 | 29,695,586 | 29,591,506 |

As mentioned in note 1 investment properties were re-valued on an open market basis in October 2019.

The Legacy Trust Company Limited acts as a nominee company to hold titles to the properties as bare trustees for and on behalf of the beneficiaries whose names appear against each such property.

9. Programme related investments

| | 2020 | 2019 |
|---|------------------|-----------|
| | £ | £ |
| <hr/> | | |
| As at 1 January and 31 December 2020 | 3,363,363 | 3,363,363 |

The above relates to properties held by the charity that are used entirely for charitable purposes.

10. Debtors: amount falling due within one year

| | 2020 | 2019 |
|-------------------------------|----------------|---------|
| | £ | £ |
| <hr/> | | |
| Other debtors and prepayments | 185,850 | 249,914 |

Elrahma Charity Trust

Notes to the accounts

For the year ended 31 December 2020 (continued)

11(a) Creditors: amounts falling due within one year

| | 2020 | 2019 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 41,798 | - |
| Deferred income | 81,532 | 80,502 |
| Accruals | 8,518 | 68,371 |
| Taxation | 123,595 | 237,351 |
| Other tax and social security | - | 2,627 |
| | 255,443 | 388,851 |

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Deferred income at 1 January 2020 | 80,502 | 84,378 |
| Received/(released) in year | 1,030 | (3,876) |
| Deferred income at 31 December 2020 | 81,532 | 80,502 |

The deferred income for the year represents rental income received in advance.

11(b) Creditors: amounts falling due after one year

| | 2020 | 2019 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Rental deposit due | 75,882 | 75,853 |

Elrahma Charity Trust

Notes to the accounts For the year ended 31 December 2020 (continued)

12. Unrestricted Funds

| | 2020 | 2019 |
|---------------------------------------|------------|------------|
| | £ | £ |
| Balance at 1st January 2020 | 55,197,667 | 55,487,895 |
| Net movement of funds during the year | 72,969 | (290,228) |
| Balance at 31 December 2020 | 55,270,636 | 55,197,667 |

13. Employees

The average monthly number of persons employed by the trust was 4 (2019: 4). See below:

| | 2020 | 2019 |
|-------------------------------------|---------|---------|
| | £ | £ |
| Staff costs (for the above persons) | | |
| Wages and salaries | 118,459 | 113,056 |
| Social security | 10,339 | 9,781 |
| Employers NIC allowance | (4,000) | (3,000) |
| Redundancy | - | - |
| Pensions | 1,911 | 1,246 |
| | 126,709 | 121,083 |

No employee earned £60,000 or more (2019: none). All employees are engaged in the administration and management of the Trust.

As mentioned in the Trustees' Report remuneration of all employees is set by the Trustees. All key management decisions are taken by the Trustees who are not remunerated. Were the Trustees to delegate control over this area it would result in an increase in remuneration which they do not see as necessary at present.

Elrahma Charity Trust

Notes to the accounts

For the year ended 31 December 2020 (continued)

14. Operating lease receivables

At the Balance Sheet date the charity had the following future minimum rentals receivables in respect of non-cancellable operating leases:

| | 2020 | 2019 |
|----------------------------|----------------------|-----------------|
| Land and Buildings | £ | £ |
| Within one year | 330,000 | 330,000 |
| Between one and two years | 425,157 | 660,000 |
| Between two and five years | - | 95,157 |
| | <hr/> 755,157 | <hr/> 1,085,157 |

15. Trustees

The trustees did not receive any payment in role of trustee or acted as agents for the charity, nor were any expenses reimbursed to them (2019: none).

16. Related Party Transactions

During the year the charity received IT services from Tristar Tech Solutions Limited for which it paid £1,001 (2019:£689). Mr Omar Megerisi and Mr Hazem Megerisi are directors of Tristar Tech Solutions Limited. There were no other related party transactions during the year (2019: None).

17. Indemnity insurance

An insurance premium of £1,676 (2019: £1,360) was paid to provide protection cover to the charity against claims arising from the negligent acts or defaults of its trustees, employees or agents, and to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

18. Ultimate controlling party

The Trustees acting in concert are deemed to be the ultimate controlling party of the Trust.