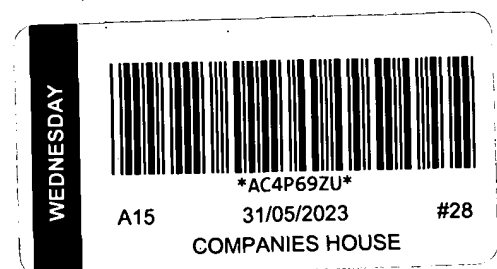


# The Institute of Ismaili Studies

Report of the charity and Financial Statements  
for the Year Ended 31 December 2022

Company number: 01324858  
Registered Charity number: 1179135



# **The Institute of Ismaili Studies**

**Annual Report for the Year Ended 31 December 2022**

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## Reference and Administrative information

### Directors and Trustees

The Board of Trustees, who are also Directors for Companies Act purposes, at the date on which the financial statements were approved and the Committee of the Board of Trustees that they served on during the financial year were as follows:

His Highness the Aga Khan  
Mr Naguib Kheraj (a)  
Mr Habib Motani (a)  
Mrs Karina Govindji (a)

(a) Board of Governors Committee

### Board of Governors

Professor Ali Asani  
Dr Farhad Daftary (appointed January 2023)  
Mrs Karina Govindji  
Dr Arif Jamal  
Dr Nadia Eboo Jamal  
Mr Rahim Karim  
Mr Alykhan Kassam  
Mr Aryn Kassim-Lakha  
Professor Tashmin Khamis  
Mr Naguib Kheraj  
Dr Sharofat Mamadambarova  
Dr Shogufa Mir Malekyar  
Mr Habib Motani  
Professor Nacim Pak-Shiraz  
Professor Farid F. Panjwani

### Secretary

Mr Habib Motani

### Registered Office

Aga Khan Centre  
10 Handyside Street  
King's Cross  
London, N1C 4DN

### Registered Auditors

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London, E1W 1YW

### Bankers

Lloyd's Bank  
Victoria House  
Southampton Row  
London WC1B 5HR

Company number: 01324858

Registered Charity number: 1179135

# Report of the Trustees for the year ended 31 December 2022

The Trustees have pleasure in submitting their report and the accounts for the year ended 31 December 2022.

## ACCOUNTING POLICIES

### Basis of Preparation

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity'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 (FRS102).

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Organisational structure

The Trustees have ultimate responsibility for all aspects of the work of The Institute of Ismaili Studies ("The Institute", "IIS" or "the charity"): its academic, financial and investment policies and strategic direction. In 2022, they delegated the day-to-day management of The Institute to its Co-Director, Dr Farhad Daftary, who operated through his departmental heads. The co-ordination of the work of The Institute was the responsibility of the Co-Director. The Trustees participated in the strategic decision-making processes of The Institute through the Co-Director and the system of committees and sub-committees.

During 2022, a succession planning process was undertaken for the position of Director and after an international search, Professor Zayn Kassam was appointed as Director of The Institute from January 2023. On his stepping down from the role as Co-Director, the lifetime title of Director Emeritus was conferred on Dr. Daftary and he was appointed to the Board of Governors.

### Governing document

The Institute of Ismaili Studies is a company limited by guarantee with share capital and was incorporated on 9 August 1977. It became a registered charity on 10 July 2018. The objects and powers of The Institute were established in its Memorandum of Association and it is governed by its Articles of Association as amended by special resolution on 2 July 2018.

### Key Management Personnel

The charity's Trustees, its committees and sub-committees, the Co-Director/Director and the departmental heads comprise the key management personnel of the charity in charge of directing, controlling and running the charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration for their roles in the year.

The pay of all staff is reviewed annually by the Human Resource Committee before being reported to the Board. Pay increases take into account performance, promotions, inflation and cross sector pay levels.

### Trustees Induction and Training

Trustees are appointed by the holder(s) of a simple majority of the issued share capital of The Institute. Arrangements are made to ensure that Trustees are aware of the aims and objectives of the charity and their responsibilities.

### Principal Risks and Uncertainties

The Trustees have assessed and continue to reassess the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity. The major risks facing IIS are i) the loss of key academics and faculty staff, who cannot be readily replaced due to IIS operating in a specialised field, ii) significant damage to the holdings of the library and the Ismaili Collections due to fire, flooding or other risks, and iii) the inability to recruit students due to UK immigration constraints. The high level of inflation in the UK and its possible impact on the charity's future plans and budgets and actual results for the year ending 31 December 2022 has been considered.

### Related Parties

The Institute owns no subsidiary companies but itself is owned 98% by the Aga Khan Foundation, a registered foundation in Switzerland. The Institute has common interests with Aga Khan University Foundation, Aga Khan Foundation (United Kingdom) and Islamic Publications Limited.

# Report of the Trustees for the year ended 31 December 2022 (continued)

## OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS OF THE CHARITY

### Aims and Objectives

The objects of the charity are, for the public benefit, to assist in the advancement of education and learning or any other exclusively charitable object (under the laws of England and Wales), including (without limiting the generality of the foregoing):

to encourage, extend, increase, disseminate and promote knowledge of, and to promote, conduct and support research (including through the dissemination of the useful results of such research) into, the religious, spiritual and cultural heritage of the Shia Imami Ismaili Tariqah of Islam, and to conduct and support research into any other religious faiths, beliefs or practices and to disseminate the useful results thereof; and

to establish, carry on, and support the educational institution known by the charity's name and such other educational institutions and programmes as the Board of Trustees sees fit.

2022 was another volatile year in terms of disruption; the year started with COVID related restrictions in the UK and although The Institute resumed face to face teaching and a normal pattern of activity during the year, the incidence of COVID remained high in the first half of the year. Increased inflation in 2022 contributed towards higher cost towards the latter part of the year and it is foreseen to have an impact in 2023.

### Public benefit

The Institute, through its governing body, the Board of Trustees, is aware of its responsibilities as a charity to act for the public benefit across its activities and has had due regard to the latest version of the Charity Commission's public benefit guidance. The Institute endeavours to advance education and knowledge of Muslim societies and civilisations through learning, teaching and research for the benefit of individuals and society. It contributes to the development of professionals and scholars who have a broader, deeper and critical understanding of Islam and its diverse expressions in the modern contemporary context. As a result, scholars are better equipped to promote understanding and social cohesion amongst diverse communities in society and to analyse theological, social, economic and educational problems faced by contemporary societies, offering creative solutions to address them.

### Location

The Institute is located in a purpose-designed home at the Aga Khan Centre in London's King's Cross, where it is co-located with The Aga Khan University (International) in the United Kingdom and the Aga Khan Foundation (United Kingdom). The Aga Khan Centre is a place for education, knowledge, cultural exchange and insight into Muslim civilisations. The organisations that are located there work together to bridge the gap in understanding about Muslim cultures and their diversity as well as to connect the public to global development issues. The three institutions host a variety of events, exhibitions and talks that are open to the public.

### Research and Academic Publications

In 2022, The Institute published four academic books in English i) Central Asian Ismailis ii) The Emergence of Shi'i Sufism iii) Test Scribes and Transmission iv) the Renaissance of Shi'i Islam and one accessible publication titled The Fatimids:2. The institute also published four translations, mainly of accessible publications. The Institute is conducting various research projects, which will lead to publications. Among these are projects on important international heritage sites, diverse cultural and religious practices and ethics as well as the analysis of its unique collections of historical manuscripts. The Institute's development and production of curriculum materials for children, now available in 10 languages continued and some of these education materials are now available on The Institute's eBook platform following a successful pilot. In 2022, The Institute convened and hosted a major international conference on Ismaili Studies, which highlighted the contributions of The Institute to this field.

## Report of the Trustees for the year ended 31 December 2022 (continued)

### Graduate Programmes

The Institute provides two graduate programmes: the Graduate Programme in Islamic Studies and Humanities (GPISH) and the Secondary Teacher Education Programme (STEP), both of which result in the award of an MA validated by SOAS University of London. The Secondary Teacher Education Programme is also conducted in conjunction with University College London (UCL) and in addition to the MA, successful graduates are awarded a PGDip from UCL. During 2022, The Institute's two MA programmes were the subject of an Institutional Review with SOAS, with a view to the continuation of the validation with SOAS following completion of the current term of these arrangements.

The Institute registered with the Office for Students in 2019 and has a Quality Assurance function which works with the Board and Senior Management to ensure that The Institute is cognisant of its compliance responsibilities and informed of evolving trends in higher education.

### Aga Khan Library

The Aga Khan Library is jointly operated by The Institute along with The Aga Khan University (International) in the United Kingdom. In 2022, there was a significant increase in the library collection with more than 1037 new print titles, continued electronic access to more than 80,000 ebooks and over 65 digital subscriptions to important journals and databases to support research and teaching. In 2022, the Library reinforced its ties with several book distributors in order to strengthen its South Asian collection. As part of a more robust outreach programme, the Library promotes its collections through a Spotify profile, the Aga Khan Library Movie Nights, and a fortnightly acquisition bulletin, while maintaining a very active reference service. This reference service delivered more than 35 in-depth training sessions specifically designed for STEP and GPISH students, in addition to offering an on-demand training plan with year-round online bookable sessions.

## FINANCIAL REVIEW

The financial position of The Institute of Ismaili Studies is set out on pages 8 to 19. In summary, The Institute's total income in 2022 amounted to £18.6m (2021: £15.7m) with expenditure of £17.6m (2021: £15.7m). The annual surplus was £1.0m (2021: £0.1m). The resulting cumulative funds balance carried forward was £2.7m (2021: £1.7m) which will be used to fund future charitable activities. The Trustees consider that the level of reserves is satisfactory, and that sufficient progress has been and continues to be made to achieve the charity's objectives.

### Reserves

The Institute does not consider it necessary to hold significant levels of reserves due to the commitment of the current funders to invest in the ongoing charitable objectives of The Institute. The Trustees consider that the current level of reserves, together with the continued access to grant funding, are sufficient to maintain the short, medium, and long-term sustainability of The Institute, and to enable The Institute to operate.

### Fundraising and Funding Sources

The Institute's principal sources of funding are the Aga Khan University Foundation, Aga Khan Foundation (United Kingdom) and His Highness the Aga Khan. The Institute also received unsolicited donations from individuals in the Ismaili community for which it is extremely thankful. There was no expenditure relating to fundraising as The Institute did not actively fundraise in the year.

### Investment Policy

The objective of The Institute of Ismaili Studies is to draw down sufficient grants from its regular sources each month to meet the needs of its monthly expenditure.

## Report of the Trustees for the year ended 31 December 2022 (continued)

### Trustees' responsibilities for the Financial Statements

The law applicable to charities in England and 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:

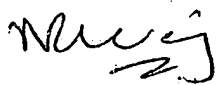
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed,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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's governing documents. 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 breaches of law and regulations.

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

### PLANS FOR FUTURE PERIODS

The Institute will continue to develop and support its research, learning and educational programmes and other initiatives as the Board of Trustees sees fit in pursuance of its objectives. Currently, The Institute is in the process of developing a new ten-year strategy that is aimed to assess the current state of resource allocations and the desired future priorities and objectives. The Institute is now gradually returning to a more normal state of working, following the disruption of the COVID-19 situation. The Institute has a stable financial basis and it expects to continue to benefit from ongoing and consistent funding support in 2023 and beyond.



N Kheraj  
Director and Trustee

25 May 2023

## **Independent Auditor's report to the Trustees of The Institute of Ismaili Studies**

### **Opinion**

We have audited the financial statements of The Institute of Ismaili Studies ('the charity') for the year ended 31 December 2022, which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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**

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

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

The other information comprises the information included in the annual report, including the Trustees' report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; 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.



# Independent Auditor's report to the Trustees of The Institute of Ismaili Studies

(continued)

## Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement on page 5, the Trustees are responsible for the preparation of financial statements which 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 sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, 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. We evaluated trustees' 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 inflated income.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and review of internal reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of *not* detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

UHY Hacker Young

Colin Wright (Senior Statutory Auditor) for and on behalf of UHY Hacker Young Chartered Accountants Statutory Auditor

26 May 2023

Quadrant House  
4 Thomas More Square  
London E1W 1YW

## Statement of Financial Activities

for the year ended 31 December 2022

	Notes	Total 2022 £	Total 2021 £
<b>Incoming resources</b>			
<b>Income from Donations and Legacies:</b>			
Grants and donations	2,19	12,334,092	10,576,000
Gift in Kind	2, 19	6,244,758	5,117,731
Other income	2	1,457	320
<b>Total</b>		<b>18,580,307</b>	<b>15,694,051</b>
<b>Resources expended</b>			
<b>Expenditure on:</b>			
Charitable activities	3	17,592,147	15,638,580
<b>Total</b>		<b>17,592,147</b>	<b>15,638,580</b>
<b>Surplus for the year</b>	12	<b>988,160</b>	<b>55,471</b>
<b>Reconciliation of funds:</b>			
Total Funds brought forward		1,731,078	1,675,607
<b>Total Funds carried forward</b>		<b>2,719,238</b>	<b>1,731,078</b>

All of the above results are derived from continuing activities. There were no recognised gains or losses and no restricted funds.

The notes on pages 11 to 19 form part of these financial statements.

## Balance Sheet

as at 31st December 2022

	Notes	31 December 2022		31 December 2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	92,162		110,026	
Heritage assets	8	196,250		179,793	
<b>Total fixed assets</b>			<b>288,412</b>		<b>289,819</b>
<b>Current assets</b>					
Debtors	9	1,918,697		1,447,963	
Cash at bank and in hand	17	1,369,229		707,315	
<b>Total current assets</b>		<b>3,287,926</b>		<b>2,155,278</b>	
<b>Creditors: amounts falling due within one year</b>	10	<b>(857,100)</b>		<b>(714,019)</b>	
<b>Net current assets</b>			<b>2,430,826</b>		<b>1,441,259</b>
<b>Net assets</b>			<b>2,719,238</b>		<b>1,731,078</b>
<b>Share capital and reserves</b>					
Called up share capital	11		100		100
<b>Funds of the charity</b>					
Unrestricted funds	12		2,719,138		1,730,978
<b>Total funds</b>			<b>2,719,238</b>		<b>1,731,078</b>

The notes on pages 11 to 19 form part of these financial statements.

Company Number: 01324858

The financial statements were approved by the Trustees on 25 May 2023 and were signed on their behalf by:

  
N. Kheraj  
Director and Trustee

## Cash Flow Statement for the Year Ended 31 December 2022

	Notes	2022 £	2021 £
<b>Net cash inflow from operating activities</b>	16	<b>733,842</b>	<b>292,258</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets	8	(71,928)	(100,907)
<b>Net cash used in investing activities</b>		<b>(71,928)</b>	<b>(100,907)</b>
<b>Net increase in cash</b>	17	<b>661,914</b>	<b>191,351</b>
Cash at beginning of year		707,315	515,964
<b>Cash at the end of the year</b>	17	<b>1,369,229</b>	<b>707,315</b>
<b>Cash consists of:</b>			
Cash at bank and in hand	17	1,369,229	707,315

The notes on pages 11 to 19 form part of these financial statements.

# Notes to the Financial Statements for the year ended 31 December 2022

## 1 Accounting policies

### Charity and Company Information

The Institute of Ismaili Studies is a Public Benefit Entity, registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 9 August 1977 (Company Number: 01324858) and registered as a charity on 10 July 2018 (Charity Number: 1179135).

### Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Financial Reporting Standard, applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland - 2019. The principal accounting policies, which have been applied consistently throughout the periods shown, are set out below. The reasons for preparing these financial statements on the going concern basis are set out in the Trustees' report.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the charity's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed below.

#### a) Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. In making this assessment the Trustees have considered the potential impact of cost of living increases and high CPI inflation in the UK and are satisfied that The Institute will be supported by its existing funding sources. For this reason the Trustees continue to adopt the going concern basis in preparing these financial statements.

#### b) Incoming resources

Grants, donations and other income are recognised in the period in which The Institute receives them and the amount can be measured with sufficient reliability.

#### c) Resources expended and irrecoverable VAT

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### d) Apportionment of costs by activity

Overhead and support costs are allocated first between those that pertain to The Institute's charitable activities and those that support those activities. Overhead and support costs have been apportioned based on the value of the costs within the activity centres as that is deemed to be the most accurate basis of allocation.

#### e) Cost of generating funds

The Institute did not incur any cost in relation to generating funds since it did not undertake any fundraising activities in the year.

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### f) Charitable activities

Costs of charitable activities that drive the attainment of The Institute's educational objectives, including the apportionment of overheads and support costs, are shown in notes 3 and 4.

### g) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

### h) Fund accounting

The Institute only receives unrestricted donations and grants and does not hold any income funds.

### i) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes the original purchase price and costs directly attributable to bringing the assets to their intended use. Assets received by way of donations are stated at a reasonable market value at the time of the donation. Fixed assets with an acquisition cost of less than £500 are not capitalised.

Provision for depreciation is made so as to write off the value of fixed assets on a straight line basis over the expected useful economic life of the assets concerned. A full year's depreciation is charged in the year of purchase. The principal annual rates used for this purpose are:

	%
Furniture, fixtures & fittings	10
Office machinery and equipment	33
Intangible fixed assets (software)	14
Heritage Assets	Nil

No depreciation has been charged on Heritage Assets bought or donated since the Trustees believe that their residual value is always expected to be at least equal to the cost and that there has been no impairment in their carrying value.

### j) Taxation

As a registered charity The Institute of Ismaili Studies is not liable for UK corporation tax.

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### k) Foreign currencies

#### (i) Functional and presentation currency

The institute's functional and presentation currency is the pound sterling.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

### l) Pension

The Institute participates in a group pension scheme of the defined contribution type. The assets of the scheme are held separately from those of The Institute in an independently administered fund. Contributions are charged to the income and expenditure account as and when they accrue. The pension cost charge disclosed in note 6 represents the contribution paid by The Institute to the fund.

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 2 Analysis of income

	2022 £	2021 £
Grants and major donations	12,326,815	10,576,000
Other donations	7,277	-
	<b>12,334,092</b>	<b>10,576,000</b>

#### 2 (i) Gifts in Kind

Gifts in Kind from Aga Khan Foundation (United Kingdom) (note 19)	6,244,758	5,117,731
	<b>6,244,758</b>	<b>5,117,731</b>

#### 2 (ii) Other Income

Other income	1,457	320
	<b>1,457</b>	<b>320</b>

#### 2 (iv) Income analysed by country

Switzerland	12,326,815	10,576,000
United Kingdom (including Gift in Kind)	6,253,492	5,118,051
	<b>18,580,307</b>	<b>15,694,051</b>

### 3 Analysis of Charitable Expenditure

	Research and Academic Publications	Graduate Programmes	Library and Special Collections	2022 Total	2021 Total
	£	£	£	£	£
Direct Educational Expenditure	4,036,183	5,877,483	534,204	10,447,870	8,891,550
Support Costs	2,702,891	3,914,686	361,304	6,978,881	6,680,789
Governance Costs	63,895	93,044	8,457	165,396	66,241
	<b>6,802,969</b>	<b>9,885,213</b>	<b>903,965</b>	<b>17,692,147</b>	<b>15,638,580</b>

### 4 Allocation of Support Costs and Governance costs

	Research and Academic Publications	Graduate Programmes	Library and Special Collections	Governance Costs	2022 Total	2021 Total
	£	£	£	£	£	£
Legal and professional Fees	-	-	-	32,104	32,104	26,993
Staff costs	514,932	745,793	69,050	133,292	1,463,067	1,453,646
Other costs	2,187,959	3,168,893	292,254	-	5,649,106	5,266,391
<b>Total Support and Governance costs</b>	<b>2,702,891</b>	<b>3,914,686</b>	<b>361,304</b>	<b>165,396</b>	<b>7,144,277</b>	<b>6,747,030</b>

Included within support costs is Gifts in Kind of £4,736,178 (2021: £4,591,347) relating to market rental value and occupancy cost of the premises (note 19).



## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

5 The net movement in funds for the year is stated after charging:

	2022 £	2021 £
Auditors' remuneration: audit fees	25,000	24,343
Auditors' remuneration: Secretarial and tax services	7,104	2,650
Depreciation of tangible fixed assets	73,335	80,466

### 6 Paid employees

#### (i) Staff Costs

	2022 £	2021 £
<b>Permanent staff:</b>		
Salaries and wages	5,634,066	5,212,286
Social security costs	630,761	568,723
Pension costs (defined contribution scheme)	547,475	524,078
Other costs	112,634	284,147
	<b>6,924,936</b>	<b>6,589,234</b>

Other costs includes severance payment of £6,704 (2021: accrual release £33,563).

#### (ii) Salary Bands

The following number of employees received total remuneration in excess of £60,000 (excluding national insurance and employer pension contributions) within the bands shown:

	2022 £	2021 £
<b>Band</b>		
£60,000 to £69,999	9	6
£70,000 to £79,000	1	3
£80,000 to £89,999	4	4
£125,000 to £129,999	1	1
£130,000 to £134,999	0	1
£135,000 to £139,999	1	0

#### (iii) Average head count in the year

The average number of full time employees during the year ended 31 December 2022 was 125 (2021: 124).

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 7 (i) Emoluments of key management

The emoluments of key management who are not The Institute's Trustees excluding employer's national insurance and pension contributions are:

	2022 £	2021 £
Aggregate emoluments	904,625	984,922
Aggregate employer's contributions to pension scheme	83,839	94,853

Key management were the beneficiaries of The Institute's pension scheme under which contributions are made to a defined contribution scheme.

Remuneration of £136,098 (2021: £130,327) was paid to the Co-Director in relation to his employment by The Institute. The Institute also paid Pension contributions of £10,000 (2021: £10,000) in relation to the Co-Director.

### 7 (ii) Trustees Remuneration and Expenses

Trustees may be reimbursed for travel and subsistence properly incurred on The Institute's affairs and The Institute can make similar payments directly to third parties on behalf of Trustees. The charity did not reimburse Trustees for any expenses in the year.

### 8 Tangible fixed assets

	Office Equipment £	Books £	Heritage Assets £	Total £
<b>Costs</b>				
At 1 January 2022	939,890	835,193	179,793	1,954,876
Additions	21,806	33,665	16,457	71,928
Disposal	(44,001)	-	-	(44,001)
At 31 December 2022	917,695	868,858	196,250	1,982,803
<b>Depreciation</b>				
At 1 January 2022	877,768	787,289	-	1,665,057
Charge for the year	46,620	26,715	-	73,335
Elimination on disposal	(44,001)	-	-	(44,001)
At 31 December 2022	880,387	814,004	-	1,694,391
<b>Net book value</b>				
At 31 December 2022	37,308	54,854	196,250	288,412
At 31 December 2021	62,122	47,904	179,793	289,819

All assets are held for charitable purposes.

### 9 Debtors: amount falling due within one year (except for note below)

	2022 £	2021 £
Amount owed by Islamic Publications Limited (related party)	489,397	412,206
Prepayments	1,227,407	970,486
Other debtors	201,893	65,271
	1,918,697	1,447,963

The amount owed by the related party is unsecured, interest free and has no fixed repayment terms.

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 10 Creditors: amounts falling due within one year

	2022	2021
	£	£
<b>Analysis of creditors</b>		
Trade and other creditors	623,743	536,604
Accruals	233,357	177,415
	<b>857,100</b>	<b>714,019</b>

### 11 Share capital: authorised, issued and fully paid:

	2022	2021
	£	£
100 ordinary shares of £1 each	100	100

According to the Articles of Association the liability of the members is limited. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

### 12 (i) Unrestricted funds

	2022	2021
	£	£
1 January	1,730,978	1,675,507
Surplus for the financial year	988,160	55,471
31 December	<b>2,719,138</b>	<b>1,730,978</b>

### 12 (ii) Reconciliation of movements in funds:

	2022	2021
	£	£
Surplus for the financial year	988,160	55,471
Funds brought forward	1,731,078	1,675,607
Funds carried forward	<b>2,719,238</b>	<b>1,731,078</b>

### Represented by:

	2022	2021
	£	£
Tangible fixed assets	288,412	289,819
Current assets	3,287,926	2,155,278
Current liabilities	(857,100)	(714,019)
Balance at 31 December	<b>2,719,238</b>	<b>1,731,078</b>

### 13 Total funds

The accumulated surplus shown in the balance sheet includes specific grants received to date which have been applied by the Board of Trustees in the purchase of fixed assets for the use of The Institute and in the publication and distribution of religious and cultural education books and for other accumulated expenditure. Any unutilised grant received will be used during the following year for that year's expenditure and to cover expenditure in future years. The Board of Trustees, therefore, and in accordance with The Institute's Articles of Association, regard the accumulated surplus as being unrestricted funds for use in furtherance of the charity's objectives.

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 14 Taxation

The Institute of Ismaili Studies became a charity on 10 July 2018. Prior to this date, it was liable to Corporation tax. From the 10 July 2018 onwards the charity is no longer liable for Corporation tax on income derived from its activities, as these fall within the various exemptions available to charities.

### 15 Pension

The Institute of Ismaili Studies operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by The Institute of Ismaili Studies to the scheme and amounted to £547,475. (2021: £524,078).

### 16 Reconciliation of operating net (expenditure) / income to net cash flow from operating activities

	2022	2021
	£	£
Net income	988,160	55,471
Depreciation on tangible fixed assets	73,335	80,466
Increase / (decrease) in creditors	143,081	(37,017)
(Increase) / decrease in debtors	(470,734)	193,338
<b>Net cash inflow from operating activities</b>	<b>733,842</b>	<b>292,258</b>

### 17 Cash and cash equivalents

	2022	2021
	£	£
Changes in the year		
At 1 January	707,315	515,964
Net cash inflow from operating and investing activities	661,914	191,351
At 31 December	1,369,229	707,315

### 18 Capital expenditure

	2022	2021
	£	£
Purchase of tangible assets	71,928	100,907
<b>Net cash outflow for capital expenditure</b>	<b>71,928</b>	<b>100,907</b>

## Notes to the Financial Statements for the year ended 31 December 2022 (continued)

### 19 Related party transactions

Income represents £10,126,815 (2021: £8,326,000) of grants received from Aga Khan University Foundation (AKUF) and £2,200,000 (2021: £2,250,000) of grants received from His Highness the Aga Khan, Trustee and a shareholder of the charity.

Included within expenditure is £109,391 (2021: £81,204) relating to the purchase of publications from Islamic Publications Limited (IPL), a company that has a number of common Directors/ Trustees with The Institute of Ismaili Studies. The Institute has a debtor of £489,397 (2021: £412,206) from IPL, details of which are set out in note 9 to these accounts.

The Gifts in Kind figure of £6,244,758 consists of the market rental value and occupancy costs of the premises and student accommodation (2021: £5,117,731- consisted of market rental value and occupancy cost of the premises and the occupancy cost of the student accommodation), which are owned by Aga Khan Foundation (United Kingdom). The equivalent is included in expenditure.

### 20 Ultimate holding company and controlling parties

Aga Khan Foundation, a foundation registered in Switzerland, has a 98% interest (representing 98 shares) in the equity capital of The Institute of Ismaili Studies. It is the immediate, ultimate and controlling parent company. The remaining two shares are held as follows: one share is held by His Highness the Aga Khan and the remaining share is held by Aga Khan Foundation (United Kingdom).