

The Institute of Ismaili Studies

Trustees' Report and Financial Statements
for the Year Ended 31 December 2025

Company number: 01324858

Registered Charity number: 1179135

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Reference and Administrative Information

Directors and Trustees

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

His Late Highness Prince Karim Aga Khan IV (deceased 4th February 2025)
His Highness Prince Rahim Aga Khan V (appointed 18th February 2025)
Mrs Karina Govindji (a)
Mr Naguib Kheraj, CBE (a)
Mr Habib Motani (a)

(a) Board of Governors Committee

Board of Governors

Professor Ali Asani
Dr Farhad Daftary
Dr Minaz Fazal - Appointed 20 February 2026
Mrs Karina Govindji
Dr Nadia Eboo Jamal
Dr Arif Jamal
Mr Rahim Karim
Mr Alykhan Kassam
Mr Aryn Kassim-Lakha
Professor Tashmin Khamis
Mr Naguib Kheraj, CBE
Professor Shenila Khoja-Moolji - Appointed 20 February 2026
Dr Sharofat Mamadambarova
Dr Shogufa Mir Malekyar - Retired 20 February 2026
Mr Habib Motani
Mr Fayyaz Nurmohamed - Appointed 20 February 2026
Professor Nacim Pak-Shiraz
Professor Farid F. Panjwani - Retired 20 February 2026

Secretary

Mr Habib Motani

Registered Office

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

Registered Auditors

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

Bankers

Lloyds Bank
113-117 Oxford Street
London W1D 2HW

Company number: 01324858

Registered Charity number: 1179135

Trustees' Report for the year ended 31 December 2025

The Trustees' Report incorporates the Directors' and Strategic Report for the year ended 31 December 2025.

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 governing document of The Institute of Ismaili Studies ("The Institute", "IIS" or "the charity"), the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 2019 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure

The Trustees have ultimate responsibility for all aspects of The Institute's activities, including its academic affairs, financial oversight, investment policies, and overall strategic direction. The Trustees have delegated the day-to-day management of The Institute to its Director, Professor Zayn Kassam, who operated through her departmental and unit heads. The co-ordination of the work of The Institute was the responsibility of the Director. The Trustees continued to participate in the strategic decision-making processes of The Institute through the Director and the system of committees and sub-committees.

Governing Document

The Institute is a company limited by guarantee and having a 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 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 remuneration of key management is determined within a framework approved by the Trustees. The framework seeks to take into consideration various factors, such as inflation, performance and remuneration levels at comparable institutions.

Trustees' Appointment, Induction and Training

As set out in the Articles of Association, the Trustees are appointed and removed 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, as well as their responsibilities. All the Trustees have acquired an in-depth knowledge of the work of The Institute, including its charitable objectives, and through its annual budget process and strategic plan they monitor The Institute's overall performance in achieving its charitable objectives. Additionally, information published by the Charity Commission for trustees is made available to the Trustees.

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, compliance with law and regulation 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 special collections due to fire, flooding or other risks, iii) the inability to recruit students due to geopolitical developments and UK immigration constraints iv) cybersecurity risk and v) the level of inflation in the UK and its likely impact on the charity's future plans and budgets and its funding.

The Trustees, through the Director and various committees, monitor the above risks on an on-going basis and are satisfied with the plans put in place to mitigate them.

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 the Aga Khan University Foundation, Aga Khan Foundation (United Kingdom) and Islamic Publications Limited.

OBJECTIVES OF THE CHARITY

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.

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, tours and talks that are open to the public.

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The law applicable to charitable companies 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.

STRATEGIC REPORT

2025 was the first year of implementation of the Strategic Plan (2025-2035) which focuses on continuing with The Institute's core research agenda, leveraging The Institute's knowledge resources to produce educational content for dissemination to the Ismaili community, achieving degree-granting status, preserving Ismaili heritage, enhancing its use of digital technologies, and strengthening its institutional capacity while maintaining fiscal prudence and optimising resources.

(A) Achievements of the Charity

The Institute evaluates its qualitative performance by assessing the delivery of various programmatic activities outlined in its objectives and strategy document. This is achieved through its academic, research, teaching, and learning departments, all of which adhere to quality assurance guidelines. The Institute is committed to student success, ensuring high course completion and graduation rates while fostering a culture of research excellence through peer-reviewed publications of academic and curriculum materials.

Research and Academic Publications

The Institute reaffirmed its role as an international centre for scholarship, dialogue, and intellectual engagement throughout the year. It hosted programme of hybrid and in-person conferences, welcoming leading international and national scholars, members of the Ismaili community and members of the public. These events fostered meaningful exchange and contributed to broader conversations in the fields of Islamic studies, ethics, and culture. Several conferences convened during the year will result in published scholarly outputs, extending their impact beyond the events themselves. In addition, a student conference, delivered in partnership with Aga Khan University - Institute for the Study of Muslim Civilisations (AKU-ISMC), will generate peer-reviewed papers for publication in The Institute's Alumni Journal, supporting emerging scholars and future academic leadership.

In 2025, The Institute published three academic books and two non-specialist books in English: i) Fatimid Cosmopolitanism; ii) The Comprehensive Epistle, Vol. I, iii) Encyclopaedia Islamica, Volume 8; iv) Ethical Living through Stories; and v) Living Islam.

The Institute also published four academic books in Persian and supported the publication of one academic book in English and French. Additionally, it published an audiobook and a translation of a non-specialist book in Portuguese. Seven backlist titles were made available on open access.

The Institute also progressed the development and production of curriculum materials for children, now available in 12 languages. Selected educational resources have been made accessible through the electronic-book platform, further extending their reach and usability.

Graduate Programmes

The Institute offers two graduate-level programmes: the Graduate Programme in Islamic Studies and Humanities (GPISH) and the Secondary Teacher Education Programme (STEP). Both programmes lead to the award of a Master of Arts degree validated by SOAS University of London. In addition,

graduates of the STEP programme receive a Postgraduate Diploma awarded by University College London (UCL), alongside the MA qualification.

During 2025, The Institute completed a comprehensive review of the STEP programme. Revised modules will be implemented for new student cohorts commencing from the 2027 academic year.

The Institute continued to attract candidates from a diverse background for these two programmes, recruiting the desired number of students, based on its set criteria, from six countries. In parallel, The Institute further strengthened its research pathway by awarding two new doctoral scholarships, supporting advanced scholarship and contributing to the development of future academic leaders.

The Institute has been registered with the Office for Students since 2019 and has a Quality Assurance function which works with the Board of Governors 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 ("the Library" or "AKL") is jointly operated by The Institute and Aga Khan University (International) in the United Kingdom.

Collection development has been particularly active. In 2025, the Library expanded its holdings with more than 850 new print titles, including 217 volumes donated primarily by members of the Ismaili community.

The Library delivered a programme of public engagement through six Aga Khan Library Lectures featuring international scholars and practitioners. Strategic progress included the implementation of OpenAthens, completed in February 2026, to improve access to electronic resources, as well as a Lib Key pilot to enhance discovery tools. Collaborative work has also begun with The Institute's various departments to develop dedicated sections within the Aga Khan Library Digital Collections.

Throughout the year, library hosted exhibitions, film screenings, and academic events, and participated in international initiatives such as the Cairo International Book Fair. It welcomed over 260 external visitors during the reporting period and delivered multiple tours of the Library, teaching sessions, and professional networking events with partners including UCL, CILIP, and other international academic institutions. Social media and communications activities continued to expand the Library's visibility and reach.

(B) Financial Review

The financial position of The Institute is set out on pages 12-24. In summary, The Institute's total income in 2025 amounted to £21.3m (2024: £19.7m) with expenditure of £21.4m (2024: £20.4m). The higher income in 2025 was consistent with the increased expenditure in 2025, driven by the increase in staff cost, including the cost of employer national insurance and the higher cost of running The Institute's programmatic activities mainly driven by an increase in student related costs. In 2025, the net expenditure was £0.03m (2024: £0.7m). The resources expended were aligned with The Institute's charitable objectives.

Reserves Policy

The Institute does not consider it necessary to hold significant levels of reserves as funds can be drawn down from its regular sources each month to invest in the ongoing charitable objectives of The Institute. The Trustees consider that the current level of reserves (between approximately £1m and £3m), together with continued access to grant funding, are sufficient to maintain the short, medium, and long-term sustainability of The Institute.

The resulting cumulative unrestricted funds balance carried forward was £1.0m (2024: £1.0m) which is in line with The Institute's reserves policy, and there were no restricted reserves at the year end. 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.

Fundraising and Funding Sources

The Institute is not involved in fundraising activities directly from the general public. From time to time, it organises events for its past donors, who are all from the Ismaili community, and at such events, some indicate a wish to make an unsolicited donation for which The Institute is extremely grateful.

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 grateful.

Investment Policy

The Institute, having regard to its liquidity requirements, has operated a policy of keeping available funds in an interest-bearing account until such time funds are needed. The account provides a standard rate of interest while providing ready access to the funds.

(C) Plans for Future Period

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. Implementation of The Institute's strategic plan and the priorities set out therein will be the key area of focus in 2026. The Institute has a stable financial base, and it expects to continue to benefit from ongoing and consistent funding support in 2026 and beyond.

The Trustees' Report, including the Strategic Report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Directors on 19 May 2026 in their capacity as Trustees of the charity. The Trustees' Report is signed as authorised on their behalf by:



N Kheraj

Director and Trustee

19 May 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ISMAILI STUDIES

Opinion

We have audited the financial statements of The Institute of Ismaili Studies ("the charitable company") for the year ended 31 December 2025 which comprise the Statement of Financial Activities, including Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes, including 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 charitable company's affairs as at 31 December 2025 and of its incoming resources and application of resources 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 charitable company 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 entity'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within 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:

- 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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, 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 charitable company'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 charitable company 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charitable company 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 charitable company, 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 such as the Companies Act 2006, Charities Act 2011 and Charities SORP 2019. 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 posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to income recognition, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charitable company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

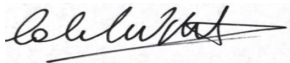
- Making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Substantively testing of revenue and testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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: <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 charitable company'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 charitable company's members and 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 charitable company and, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Wright

Senior Statutory Auditor

For and on behalf of UHY Hacker Young

Date: 19/05/2026

Statutory Auditors

4 Thomas More Square

London E1W 1 YW

Statement of Financial Activities

Including Income and Expenditure Accounts
For the year ended 31 December 2025

	Notes	2025 £	2024 £
Incoming resources			
Income from Donations and Legacies:			
Grants and donations	2 & 19	14,193,958	12,755,400
Gift in Kind	2 & 19	7,126,730	6,950,632
Other income	2	32,922	43,123
Total		21,353,610	19,749,155
Resources expended			
Expenditure on:			
Charitable activities	3	21,389,457	20,441,953
Total		21,389,457	20,441,953
Net expenditure		(35,847)	(692,798)
Reconciliation of funds:			
Total Funds brought forward		1,021,382	1,714,180
Net movement in funds	13	(35,847)	(692,798)
Total Unrestricted Funds carried forward		985,535	1,021,382

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 15 to 24 form part of these financial statements.

Balance Sheet

As at 31st December 2025

	Notes	31 December 2025		31 December 2024	
		£	£	£	£
Fixed assets					
Intangible assets	8	127,584		53,529	
Tangible assets	9	112,028		132,704	
Heritage assets	9	214,895		208,786	
Total fixed assets			454,507		395,019
Current assets					
Debtors	10	1,223,405		748,032	
Cash at bank and in hand	18	704,561		1,386,496	
Total current assets			1,927,966		2,134,528
Creditors: amounts falling due within one year	11	(1,396,938)		(1,508,165)	
Net current assets			531,028		626,363
Net assets			985,535		1,021,382
Share capital and reserves					
Called up share capital	12		100		100
Funds of the charity					
Unrestricted funds	13		985,435		1,021,282
Total funds			985,535		1,021,382

Company Number: 01324858

The notes on pages 15 to 24 form part of these financial statements.

The financial statements were approved by the Trustees and were signed on their behalf on 19 May 2026 by:



N. Kheraj

Director and Trustee

Cashflow Statement

For the year ended 31 December 2025

	Notes	2025 £	2024 £
Net cash (outflow) from operating activities	17	(459,249)	(51,796)
Cash flow from investing activities			
Purchase of intangible assets	8	(151,229)	(80,293)
Purchase of tangible assets	9	(72,375)	(118,789)
Disposal of tangible assets	9	918	2,378
Net cash used in investing activities		(222,686)	(196,704)
Net (decrease) in cash	18	(681,935)	(248,500)
Cash at beginning of year		1,386,496	1,634,996
Cash at the end of the year	18	704,561	1,386,496
Cash consists of:			
Cash at bank and in hand	18	704,561	1,386,496

The notes on pages 15 to 24 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2025

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 with a share capital. 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 (SORP) 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.

Accounting Estimates and Key Judgements

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. These estimates, judgements and assumptions are made based on a combination of experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The key areas of judgement included in the financial statements are; i) gifts-in-kind ii) impairment of fixed assets and iii) depreciation of intangible and fixed asset using rates to write off the cost over their expected useful economic lives. See b) (i) and (ii) below for details.

a) Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there is 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 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 and Gifts-in-Kind

- i. Grants, donations and other income are recognised in the period in which The Institute is entitled to receive them and the amount can be measured with sufficient reliability.
- ii. Gifts-in-kind are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. This is recognised as income under gifts-in-kind and a corresponding amount is included in the appropriate expenditure.

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.

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

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.

f) Charitable Activities

Costs of activities incurred in 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 primarily receives unrestricted donations and grants and does not hold any restricted funds.

i) Intangible, Fixed and Heritage Assets

Intangible assets represent the cost of software purchased and its development for use in the medium to long term. Only costs relating to the implementation phase exceeding £1000 are capitalised. Training and subsequent renewal cost of maintaining the software are expensed as incurred. Costs are amortised over their economic useful life which is three years.

Fixed assets and heritage 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 (including heritage assets) received by way of donations are stated at fair value where practicable at the time of the donation. If a reliable estimate cannot be made or the cost of valuation is likely to exceed the benefits provided by obtaining the information, the asset is not recognised in the accounts and information is disclosed. 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:

	%
Intangible assets - software	33
Furniture, fixtures & fittings	10
Office machinery and equipment	33
Books	20
Heritage Assets	Nil

No depreciation has been charged on Heritage Assets bought or donated as the Trustees believe that the residual value can always be expected to be at least equal to their cost because the estimated useful lives are expected to be indefinite. An impairment review is performed annually and based on this, there has been no impairment in the carrying value of these assets.

j) Taxation

As a registered charity The Institute of Ismaili Studies is not liable for UK corporation tax to the extent it applies its income for its charitable activities.

Notes to the Financial Statements for the year ended 31 December 2025 (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.

2. Analysis of Income

	2025	2024
	£	£
2 (i) Grants and Donations		
Grants and major donations	14,028,000	12,565,000
Other donations	165,958	190,400
	14,193,958	12,755,400
2 (ii) Gifts in Kind		
Gifts in Kind from Aga Khan Foundation (United Kingdom) (note 19)	7,126,730	6,950,632
	7,126,730	6,950,632
2 (iii) Other Income		
Other income	32,922	43,123
	32,922	43,123
2 (iv) Income analysed by country		
Switzerland	14,028,000	10,265,000
United Kingdom (including Gifts in Kind)	7,325,610	9,484,155
	21,353,610	19,749,155

3. Analysis of Charitable Expenditure

FY 2025	Research and Academic Publications	Graduate Programmes	Library and Special Collections	2025 Total
	£	£	£	£
Direct Educational Expenditure	4,987,704	6,824,791	730,175	12,542,670
Support Costs	3,417,050	4,693,597	540,844	8,651,491
Governance Costs	82,661	110,462	2,173	195,296
	8,487,415	11,628,850	1,273,192	21,389,457

FY 2024	Research and Academic Publications	Graduate Programmes	Library and Special Collections	2024 Total
	£	£	£	£
Direct Educational Expenditure	4,718,017	6,479,533	744,343	11,941,893
Support Costs	3,275,405	4,504,771	554,377	8,334,553
Governance Costs	65,389	89,802	10,316	165,507
	8,058,811	11,074,106	1,309,036	20,441,953

4. Allocation of Support Costs and Governance Costs

FY 2025	Research and Academic Publications	Graduate Programmes	Library and Special Collections	Governance Costs	2025 Total
	£	£	£	£	£
Legal and professional Fees	-	-	-	35,308	35,308
Staff costs	787,581	1,086,833	129,151	159,988	2,163,553
Other costs	2,629,469	3,606,764	411,693	-	6,647,926
Total Support and Governance costs	3,417,050	4,693,597	540,844	195,296	8,846,787

FY 2024	Research and Academic Publications	Graduate Programmes	Library and Special Collections	Governance Costs	2024 Total
	£	£	£	£	£
Legal and professional Fees	-	-	-	47,241	47,241
Staff costs	780,134	1,072,944	133,334	118,266	2,104,678
Other costs	2,495,271	3,431,827	421,043	-	6,348,141
Total Support and Governance costs	3,275,405	4,504,771	554,377	165,507	8,500,060

Included in support costs are £5,412,110 (2024: £5,258,452) relating to market rental value and occupancy cost of the premises which have been funded through Gifts in Kind.

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

5. Net Movement in Funds

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

	2025	2024
	£	£
Auditors' remuneration: audit fees	30,000	28,000
Auditors' remuneration: Secretarial and tax services	5,308	19,241
Depreciation of tangible fixed assets	86,024	80,343
Amortisation of intangible fixed assets	77,174	26,764

6. Paid Employees

(i) Staff Costs

	2025	2024
	£	£
Permanent staff:		
Salaries and wages	7,205,304	6,955,298
Social security costs	924,503	739,080
Pension costs (defined contribution scheme)	682,229	661,605
Other costs	610,367	302,195
	9,422,403	8,658,178

Other costs include severance for staff of £358,510 and benefits for the Director employed of £60,876 (2024: severance of £59,457 and benefit for the Director £73,068). The Institute ensures severance amounts are in compliance with applicable laws and regulations.

(ii) Salary Bands

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

	2025	2024
Band		
£60,000 to £69,999	10	12
£70,000 to £79,999	8	5
£80,000 to £89,999	3	3
£90,000 to £99,999	5	3
£100,000 to £104,999	0	1
£140,000 to £144,999	1	1
£145,000 to £149,999	1	1
£155,000 to £159,999	0	1
£160,000 to £164,999	1	0
£225,000 to £229,999	0	1
£230,000 to £234,999	1	0

(iii) Average Head Count in the Year

The average number of full time employees during the year ended 31 December 2025 was 136 (2024: 141).

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

7. Management Remuneration

(i) Emoluments of Key Management

The emoluments of key management who are not The Institute's Trustees are:

	2025	2024
	£	£
Aggregate emoluments	1,005,537	998,819
Aggregate employer's contributions to pension scheme and other employee benefit	94,433	96,926
Aggregate employer's contribution to national insurance	137,064	120,421

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

Remuneration and benefits paid to the Director of The Institute were £292,870 (2024: £300,068) and pension contributions of £23,199 (2024: £22,700).

The Director's basic salary and total remuneration was 4.4 times (2024: 4.6 times) and 5.4 times (2024: 6.0 times) the median pay and median total remuneration of staff respectively. The median pay is calculated on a full time equivalent basis for the basic salaries and total remuneration paid by The Institute to its staff.

(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. Intangible Assets

Cost	Software
As 1 January 2025	80,293
Additions	151,229
Disposals	-
At 31 December 2025	231,522
At 31 December 2024	80,293
Amortisation	
As 1 January 2025	26,764
Charge for the year	77,174
Elimination on disposal	-
At 31 December 2025	103,938
At 31 December 2024	26,764
Net Value at 31 December 2025	127,584
Net Value at 31 December 2024	53,529

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

9. Tangible Fixed Assets

	Office Equipment £	Books £	Heritage Assets £	Total £
Costs				
At 1 January 2025	1,070,878	914,929	208,786	2,194,593
Additions	34,752	31,514	6,109	72,375
Disposal	(918)	-	-	(918)
At 31 December 2025	1,104,712	946,443	214,895	2,266,050
Depreciation				
At 1 January 2025	987,740	865,363	-	1,853,103
Charge for the year	59,836	26,494	-	86,330
Elimination on disposal	(306)	-	-	(306)
At 31 December 2025	1,047,270	891,857	-	1,939,127
Net book value				
At 31 December 2025	57,442	54,586	214,895	326,923
At 31 December 2024	83,138	49,566	208,786	341,490

All assets are held for charitable purposes.

The Institute was donated certain manuscripts between 2011 and 2015. In 2022, these donated manuscripts were valued by an independent valuer, and their fair value was determined at £1.26m. The Trustees are of the view that these manuscripts will continue to be used for research by The Institute and The Institute will follow the accounting recognition principle referred in note 1(i).

10. Debtors

	2025 £	2024 £
Prepayments	1,091,916	626,051
Other debtors	131,489	121,981
Amount falling due within one year	1,223,405	748,032

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

11. Creditors

	2025	2024
	£	£
Analysis of creditors		
Trade and other creditors	767,203	1,014,239
Amount owed to Islamic Publications Limited (related party)	160,245	48,752
Accruals	469,490	445,174
Creditors falling due within one year	1,396,938	1,508,165

Trade and other creditors include an amount of £241,191 (2024: £161,543) to Aga Khan University Foundation in relation to proceeds of Talim materials.

12. Share Capital: Authorised, Issued and Fully Paid

	2025	2024
	£	£
100 ordinary shares of £1 each	100	100

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

13. Movement in Funds

(i) Unrestricted Funds

	2025	2024
	£	£
1 January	1,021,282	1,714,080
Net movement in funds	(35,847)	(692,798)
31 December	985,435	1,021,282

(ii) Reconciliation of Movements in Funds

	2025	2024
	£	£
Net movement in funds	(35,847)	(692,798)
Funds brought forward	1,021,382	1,714,180
Funds carried forward	985,535	1,021,382

Represented by:	2025	2024
	£	£
Tangible and intangible fixed assets	454,507	395,019
Current assets	1,927,966	2,134,528
Current liabilities	(1,396,938)	(1,508,165)
Balance at 31 December	985,535	1,021,382

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

14. 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.

15. 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.

16. 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 £682,229 (2024: £661,605).

17. Reconciliation of (deficit)/surplus to Net Cash from Operating Activities

	2025 £	2024 £
Net expenditure	(35,847)	(692,798)
Depreciation on tangible fixed assets	86,330	80,343
Depreciation on disposal of tangible fixed asset	(306)	-
Amortisation of intangible assets	77,174	26,764
(Decrease) in creditors	(111,227)	(154,014)
(Increase)/Decrease in debtors	(475,373)	687,909
Net cash (outflow) from operating activities	(459,249)	(51,796)

18. Cash and Cash Equivalents

	2025 £	2024 £
Changes in the year		
At 1 January	1,386,496	1,634,996
Net (decrease) in cash	(681,935)	(248,500)
At 31 December	704,561	1,386,496

Notes to the Financial Statements for the year ended 31 December 2025 (continued)

19. Related Party Transaction

Income includes £10,910,000 (2024: £10,150,000) of grants received from Aga Khan University Foundation (AKUF), £3,118,000 (2024: £115,000) of grants received from His Highness the Aga Khan V, Trustee and a shareholder of the charity and £nil (2024: £2,300,000) from Aga Khan Foundation (United Kingdom).

Included within expenditure is £256,959 (2024: £311,007) relating to the service fee charge for Islamic Publications Limited (IPL), a company that has a number of common Directors/Trustees with The Institute. The Institute has a payable of £160,245 (2024: £48,752) to IPL and payable of £241,191 (2024: £161,543) to AKUF for Talim materials, details of which are set out in notes 10 and 11 to these accounts.

The Gifts in Kind amount of £7,126,730 consists of the market rental value and occupancy costs of the premises and student accommodation (2024: £6,950,632), which are owned by Aga Khan Foundation (United Kingdom). An equivalent amount 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.

