

The Institute of Ismaili Studies

Trustees' Report and Financial Statements
for the Year Ended 31 December 2023

Company number: 01324858
Registered Charity number: 1179135

The Institute of Ismaili Studies

Trustees' Report and Financial Statements for the Year Ended 31 December 2023

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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
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 (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, CBE
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

Lloyds Bank
113-117 Oxford Street
London W1D 2HW

Company number: 01324858

Registered Charity number: 1179135

Trustees' Report for the year ended 31 December 2023

The Trustees have pleasure in submitting their report and the accounts for the year ended 31 December 2023.

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 (SORP) 2019 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 2023, upon the appointment of Professor Zayn Kassam as Director of The Institute, Dr Farhad Daftary retired from his role as Co-director and was appointed to the Board of Governors of The Institute. He has also continued his scholarly work in the department of academic research. The day-to-day management of The Institute was delegated by the Trustees to the Director, 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 as well as 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 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, 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 Ismaili Collections due to fire, flooding or other risks, and iii) the inability to recruit students due to UK immigration constraints. The 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 2023 has also been considered.

The Trustees, through the Director and various committees, monitor the above risk on an on-going basis and plans as required are put in place to mitigate these.

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.

Trustees' Report for the year ended 31 December 2023 (continued)

OBJECTIVES 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.

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 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.

Trustees' Report for the year ended 31 December 2023 (continued)

STRATEGIC REPORT

2023 was a time of significant change in leadership at IIS, with Professor Zayn Kassam joining as Director and Dr Farhad Daftary retiring as Co-Director. Progress was made on various initiatives in 2023 as The Institute returned to pre-pandemic ways of working. In person events became more regular and academic staff participated in various conferences and events. The cost of doing business continued to increase on account of high inflation in 2023, but it is expected that the impact will not be as severe in 2024 as it was in the previous two years.

(A) Achievements of the charity

Research and Academic Publications

In 2023, The Institute published three academic books and one non-specialist book in English: i) The Emergence of Shi'i Sufism; ii) The Proof of God; iii) Women, Households, and the Hereafter in the Qur'an; and iv) Experiences of the Jamatkhana. The Institute also published four non specialist book translations: three from 2021 into Portuguese, Gujarati, and Urdu, and one from 2022 into Persian. The Institute is conducting various research projects, some of 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, available in 10 languages, continued and some of these educational materials are now available on The Institute's e-book platform. One non-specialist book, 'The Fatimids 2: The Rule from Egypt', was published as an audiobook as The Institute gears its efforts towards digitalisation, aiming to make its publications reach a wider audience. In 2023, The Institute organised a conference on the topic of 'Textual Practises & Knowledge Dissemination from Manuscripts to the Digital Age' which attracted a pool of international academics.

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 STEP is also conducted in conjunction with University College London (UCL) and in addition to the MA, successful graduates are awarded a PGDip by UCL. During 2023, The Institute concluded its periodic re-validation of its Masters degree and post graduate diploma programme with its partners, SOAS and UCL.

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 (the Library) is jointly operated by The Institute and The Aga Khan University (International) in the United Kingdom. In 2023, the Library continued to grow its collection with more than 1200 new print titles. This included 550 books donated by Professor David Hardiman of Warwick University for South Asian studies. The Library started a gradual but steady transition towards digitilisation, acquiring many titles, particularly reading course materials in electronic formats. By the end of 2023, the Library had over 54,000 volumes of print books, over 80,000 e-books, and 65 digital subscriptions to online journals and databases. The library organised an exhibition titled "The Quran: Form, Fragrance & Feeling" in collaboration with the Ismaili Special Collections Unit. 138 external researchers visited the Library, of whom more than 100 requested long-term access. The Library was accepted as a member of M25, a consortium of academic and research libraries in Greater London, that allows our researchers to access, free of charge, the physical spaces and collections of member libraries. The Library continued to improve librarianship education in Middle Eastern materials and partnered with the conveyors of the module on Historical bibliography offered by UCL to different MA programmes.

(B) Financial review

The financial position of The Institute is set out on pages 9 to 19. In summary, The Institute's total income in 2023 amounted to £18.5m (2022: £18.6m) with expenditure of £19.5m (2022: £17.6m). The increased expenditure of £1.9m (11% increase) in 2023 was driven by resumption of activities post Covid-19 pandemic along with the increase in staff and operational costs due to higher inflation in the UK. In 2023, the annual deficit was £1.0m (2022: surplus of £1m). The resulting cumulative funds balance carried forward was £1.7m (2022: £2.7m) 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 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 £1.5m-£3m), together with 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.

Trustees' Report for the year ended 31 December 2023 (continued)

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. In 2023, The Institute organised an event for past and current donors which highlighted The Institute's work, its impact on the community and to seek their continued financial support. Expenditures incurred for the event were underwritten through a donation.

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 immediate 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. The Institute is continuing to develop a ten-year strategy that is aimed to assess the current state of resource allocation and its desired future priorities. The Institute has a stable financial base and it expects to continue to benefit from ongoing and consistent funding support in 2024 and beyond.



N Kheraj
Director and Trustee

29 May 2024

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 charitable company") for the year ended 31 December 2023 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 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 charitable company's affairs as at 31 December 2023 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, 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 statement 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.

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 strategic report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report has been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the Trustees of The Institute of Ismaili Studies (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate 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 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 revenue 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 company which were contrary to the applicable laws and regulations, including fraud.

Independent Auditor's report to the Trustees of The Institute of Ismaili Studies (continued)

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

- Making enquiries of the 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; 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 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 company's members 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
Chartered Accountants and Statutory Auditor

31/05/2024
.....2024

4 Thomas More Square
London E1W 1YW

Statement of Financial Activities
including Income and Expenditure Accounts
for the year ended 31 December 2023

	Notes	Total 2023 £	Total 2022 £
Incoming resources			
Income from Donations and Legacies:			
Grants and donations	2 & 19	12,022,841	12,334,092
Gift in Kind	2 & 19	6,423,889	6,244,758
Other income	2	21,597	1,457
Total		18,468,327	18,580,307
Resources expended			
Expenditure on:			
Charitable activities	3	19,473,385	17,592,147
Total		19,473,385	17,592,147
Net (expenditure)/income	12	(1,005,058)	988,160
Reconciliation of funds:			
Total Funds brought forward		2,719,238	1,731,078
Net movement in funds		(1,005,058)	988,160
Total Unrestricted Funds carried forward		1,714,180	2,719,238

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 12 to 19 form part of these financial statements.

Balance Sheet

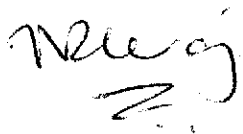
as at 31st December 2023

	Notes	31 December 2023		31 December 2022	
		£	£	£	£
Fixed assets					
Tangible assets	8	103,372		92,162	
Heritage assets	8	202,050		196,250	
Total fixed assets			305,422		288,412
Current assets					
Debtors	9	1,435,941		1,918,697	
Cash at bank and in hand	17	1,634,996		1,369,229	
Total current assets		3,070,937		3,287,926	
Creditors: amounts falling due within one year	10	(1,662,179)		(857,100)	
Net current assets			1,408,758		2,430,826
Net assets			1,714,180		2,719,238
Share capital and reserves					
Called up share capital	11		100		100
Funds of the charity					
Unrestricted funds	12		1,714,080		2,719,138
Total funds			1,714,180		2,719,238

The notes on pages 12 to 19 form part of these financial statements.

Company Number: 01324858

The financial statements were approved by the Trustees on __ May 2024 and were signed on their behalf by:



N. Kheraj
Director and Trustee

29 May 2024

Cash Flow Statement

for the year ended 31 December 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	16	361,146	733,842
Cash flow from investing activities			
Purchase of tangible assets	18	(95,379)	(71,928)
Net cash used in investing activities		(95,379)	(71,928)
Net increase in cash	17	265,767	661,914
Cash at beginning of year		1,369,229	707,315
Cash at the end of the year	17	1,634,996	1,369,229
Cash consists of:			
Cash at bank and in hand	17	1,634,996	1,369,229

The notes on pages 12 to 19 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2023

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.

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 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.

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

In 2023, The Institute organised an event for its past and present donors. The cost of the event was covered in full through a donation. No other costs were incurred in relation to generating funds for The Institute.

Notes to the Financial Statements for the year ended 31 December 2023 (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 primarily receives unrestricted donations and grants and does not hold any restricted funds.

i) Fixed assets and heritage assets

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:

	%
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.

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 2023 (continued)

2 Analysis of income

	2023 £	2022 £
Grants and major donations	11,713,000	12,326,815
Other donations	309,841	7,277
	12,022,841	12,334,092

2 (i) Gifts in Kind

Gifts in Kind from Aga Khan Foundation (United Kingdom) (note 19)	6,423,889	6,244,758
	6,423,889	6,244,758

2 (ii) Other Income

Other income	21,597	1,457
	21,597	1,457

2 (iv) Income analysed by country

Switzerland	11,713,000	12,326,815
United Kingdom (including Gift in Kind)	6,755,327	6,253,492
	18,468,327	18,580,307

3 Analysis of Charitable Expenditure

FY 2023	Research and Academic Publications	Graduate Programmes	Library and Special Collections	2023 Total
	£	£	£	£
Direct Educational Expenditure	4,230,591	6,656,970	668,413	11,555,974
Support Costs	2,830,647	4,448,514	452,680	7,731,841
Governance Costs	67,936	106,900	10,734	185,570
	7,129,174	11,212,384	1,131,827	19,473,385

FY 2022	Research and Academic Publications	Graduate Programmes	Library and Special Collections	2022 Total
	£	£	£	£
Direct Educational Expenditure	4,036,183	5,877,483	534,204	10,447,870
Support Costs	2,702,891	3,914,686	361,304	6,978,881
Governance Costs	63,895	93,044	8,457	165,396
	6,802,969	9,885,213	903,965	17,592,147

4 Allocation of Support Costs and Governance costs

FY 2023	Research and Academic Publications	Graduate Programmes	Library and Special Collections	Governance Costs	2023 Total
	£	£	£	£	£
Legal and professional Fees	-	-	-	34,390	34,390
Staff costs	611,165	960,479	98,645	151,180	1,821,469
Other costs	2,219,482	3,488,035	354,035	-	6,061,552
Total Support and Governance costs	2,830,647	4,448,514	452,680	185,570	7,917,411

FY 2022	Research and Academic Publications	Graduate Programmes	Library and Special Collections	Governance Costs	2022 Total
	£	£	£	£	£
Legal and professional Fees	-	-	-	32,104	32,104
Staff costs	514,932	745,793	69,050	133,292	1,463,067
Other costs	2,187,959	3,168,893	292,254	-	5,649,106
Total Support and Governance costs	2,702,891	3,914,686	361,304	165,396	7,144,277

Included within support costs is Gifts in Kind of £4,377,754 (2022: £4,736,178) relating to market rental value and occupancy cost of the premises.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

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

	2023 £	2022 £
Auditors' remuneration: audit fees	27,000	25,000
Auditors' remuneration: Secretarial and tax services	7,390	7,104
Depreciation of tangible fixed assets	78,369	73,335

6 Paid employees

(i) Staff Costs

	2023 £	2022 £
Permanent staff:		
Salaries and wages	6,306,595	5,634,066
Social security costs	681,956	630,761
Pension costs (defined contribution scheme)	630,170	547,475
Other costs	283,465	139,010
	7,902,186	6,951,312

Other costs includes severance payment for staff of £64,130 and benefits for the Director employed of £107,516 (2022: severance payment of £6,704 and benefit for the Co-director £0).

(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:

	2023 £	2022 £
Band		
£60,000 to £69,999	13	9
£70,000 to £79,000	4	1
£80,000 to £89,999	3	4
£90,000 to £99,999	1	0
£125,000 to £129,999	0	1
£130,000 to £134,999	1	0
£135,000 to £139,999	1	1
£140,000 to £144,999	1	0
£215,000 to £219,999	1	0

(iii) Average head count in the year

The average number of full time employees during the year ended 31 December 2023 was 130 (2022: 125).

Notes to the Financial Statements for the year ended 31 December 2023 (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:

	2023 £	2022 £
Aggregate emoluments	895,032	904,625
Aggregate employer's contributions to pension scheme	78,751	83,839

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 £321,667 (2022: £136,098) and pension contributions of £21,415 (2022: £10,000).

The Director's basic salary and total remuneration was 4.4 times (2022: 3.1 times) and 6.4 times (2022: 3.1 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.

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 £
Costs				
At 1 January 2023	917,695	868,858	196,250	1,982,803
Additions	64,575	25,004	5,800	95,379
Disposal	-	-	-	-
At 31 December 2023	982,270	893,862	202,050	2,078,182
Depreciation				
At 1 January 2023	880,387	814,004	-	1,694,391
Charge for the year	51,526	26,843	-	78,369
Elimination on disposal	-	-	-	-
At 31 December 2023	931,913	840,847	-	1,772,760
Net book value				
At 31 December 2023	50,357	53,015	202,050	305,422
At 31 December 2022	37,308	54,854	196,250	288,412

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).

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

	2023 £	2022 £
Amount owed by Islamic Publications Limited (related party)	534,213	489,397
Prepayments	712,900	1,227,407
Other debtors	188,828	201,893
	1,435,941	1,918,697

The amount owed by the related party is unsecured, interest free and has no fixed repayment terms. Included in other debtors is an amount of £93,468 owed by Aga Khan Foundation (United Kingdom).

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Analysis of creditors		
Trade and other creditors	1,344,395	623,743
Accruals	317,784	233,357
	1,662,179	857,100

11 Share capital: authorised, issued and fully paid:

	2023	2022
	£	£
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.

12 (i) Unrestricted funds

	2023	2022
	£	£
1 January	2,719,138	1,730,978
Net movement in funds	(1,005,058)	988,160
31 December	1,714,080	2,719,138

12 (ii) Reconciliation of movements in funds:

	2023	2022
	£	£
Net movement in funds	(1,005,058)	988,160
Funds brought forward	2,719,238	1,731,078
Funds carried forward	1,714,180	2,719,238

Represented by:

	2023	2022
	£	£
Tangible fixed assets	305,422	288,412
Current assets	3,070,937	3,287,926
Current liabilities	(1,662,179)	(857,100)
Balance at 31 December	1,714,180	2,719,238

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 2023 (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 £630,170. (2022: £547,475).

16 Reconciliation of (deficit)/surplus to net cash inflow from operating activities

	2023	2022
	£	£
Net (expenditure)/income	(1,005,058)	988,160
Depreciation on tangible fixed assets	78,369	73,335
Increase in creditors	805,079	143,081
Decrease/(increase) in debtors	482,756	(470,734)
Net cash inflow from operating activities	361,146	733,842

17 Cash and cash equivalents

	2023	2022
	£	£
Changes in the year		
At 1 January	1,369,229	707,315
Net increase in cash	265,767	661,914
At 31 December	1,634,996	1,369,229

18 Capital expenditure

	2023	2022
	£	£
Purchase of tangible assets	95,379	71,928
Net cash outflow for capital expenditure	95,379	71,928

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

19 Related party transactions

Income includes £8,713,000 (2022: £10,126,815) of grants received from Aga Khan University Foundation (AKUF), £3,000,000 (2022: £2,200,000) of grants received from His Highness the Aga Khan, Trustee and a shareholder of the charity and £93,468 (2022: £0) from Aga Khan Foundation (United Kingdom).

Included within expenditure is £180,839 (2022: £109,391) 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 £534,213 (2022: £489,397) from IPL, details of which are set out in note 9 to these accounts.

The Gifts in Kind figure of £6,423,889 consists of the market rental value and occupancy costs of the premises and student accommodation (2022: £6,224,758), 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. 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).