



**Masjid Alhikmah**  
AND COMMUNITY CENTRE



**2016** ANNUAL  
REPORT

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## KEY FIGURES

### Phase 2

(INTERNAL WORKS)

of the Masjid set  
to begin

**£2.2m**

Waqf (Permanent  
Endowment)

### Phase 1

(EXTERNAL & FOUNDATION)

of the Masjid is  
completed

**£1.9m**

Waqf (Permanent  
Endowment)



# TRUSTEES' ANNUAL REPORT

A row of ten green dots is positioned below the text.

Aberdeen University Sir Duncan Rice Library



# Trustees' Annual Report

**For the 12 months ended 31 December 2016**

In the name of Allah, the Most Beneficent,  
the Most Merciful.

Dear Gentle and Respected Readers,

The Trustees have pleasure in presenting their report together with the financial statements and the independent auditors report for the 12 months ended 31 December 2016.

It has been another momentous year for the Charity. We successfully completed Phase 1 of the project, which relates to the external structure and foundations. The building is now wind and water tight. After much deliberation over the available funds and consultation (shura) with respected members of the community, the Trustees took the decision to proceed with progressive completion of Phase 2. Progressive completion involves completion of sufficient parts of the interior to start services after satisfying safety and security aspects to gain a temporary occupation certificate. This will

enable the building to be utilized for services while funds are raised to complete the project. The contractor for the internal works, was selected after a due process of tenders and the work commenced on April 14, 2017. The Trustees would like to express their heartfelt thanks to all who have supported and donated towards the building of Masjid Alhikmah and Community Centre.

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**Progressive  
completion  
of the Masjid  
commenced on  
April 14, 2017.**

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## OBJECTIVES

### Charitable Purposes

The Charity is established for charitable purposes only, and in particular, the objectives are:

- To advance religion, and in particular the understanding and practice of the Islamic faith for the benefit of the Muslim community and the wider public;
- To advance education, particularly in connection with the Islamic faith;
- To promote religious and racial harmony, particularly through striving to nurture harmony between Muslims and non-Muslims in order to achieve mutual understanding; and
- To relieve those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through providing welfare services (and on the basis that any funds received for a particular and specific cause shall only be used in furtherance of that cause);
- To advance citizenship and community development;
- To provide recreational facilities, or the organisation of recreational activities with the object of improving the conditions of life of the Muslim community and the wider public;

### Vision

*A Masjid for the remembrance of Allah Subhanahu Wa Ta'ala, providing Islamic knowledge to the public and facilitating development of the community (with emphasis on Muslim children and women).*

### Mission

- Exemplary lifecycle religious services and activities
- Professional management committed to serve the institution
- An environment that promotes high levels of community involvement
- Impeccable Masjid facilities

### Values

- Excellence through individual and collective diligent effort
- Teamwork uniting us with a common vision even when there are different opinions
- Commitment to fulfill our duties
- Shura at the core of our decision making process



# ACHIEVEMENTS IN 2016 (ALHAMDULILLAH)



UNIQUE VISITS TO THE  
FOUNDATION WEBSITE

# 20,000

## Engagement and Communication

- Foundation website with over 20,000 unique visits
- Regular community bulletins and video updates
- Social media presence (Facebook, Twitter and LinkedIn).
- PR releases for project milestone achievements
- A telephone line and punctual responses to telephone and email queries
- Community and donor visits to the site

## Property



January 2015	Phase 1 Construction started and demolition completed	
February 2015	Piling completed	
May 2015	Steelwork completed	
June 2015	1st floor construction completed	
August 2015	Frontage completed	
September 2015	Roof completed	
January 2016	Phase 1 Construction completed	
December 2016	Phase 2 tender	



## ACTIVITIES

The Charity carries out a wide variety of activities in pursuance of its charitable aims, our major fundraising activities during the year were well supported as follows:

### Fundraising

- May Fayre & BBQ with over 300 in attendance, 25 Stalls and approximately £4,500 raised.
- TV appeal in London and the charity was able to raise £25,000 in donations and pledges
- Five fundraising dinners, and over £250,000 in donations and pledges were received.

### Outreach

- Community iftar and fundraising dinner during Ramadan
- Sports tournaments to engage the youth
- Community engagement meetings



AMOUNT RAISED FROM **FIVE** FUNDRAISING DINNERS

# £190,000



MAY FAYRE & BBQ, 300  
ATTENDEES, 25 STALLS

# £4,500



LONDON TV APPEAL

# £25,000



SCAFELL PIKE MOUNTAIN  
CLIMBING CHALLENGE

# £10,000



Scafell Pike Mountain Climbing  
Challenge - Masjid Alhikmah Team





Naveed at Dundee Fundraising Dinner

## FINANCIAL REVIEW

Alhamdulillah the Charity received in circa £400,000 of income in the year.

The biggest contributor to the Charity's income are;

- The five fundraising dinners held, across Scotland (Aberdeen, Edinburgh, Glasgow and Dundee) where all five-combined generated over £190,000 in donations and pledges.
- Gift Aid was also an important income stream where £38,748 was received in the year.
- The rest of the donations came from various other donation channels such as the food sale, 26 donation boxes in circulation, JustGiving and other online portals.

After deducting expenditure, the Charity had a net income of £368,274.

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**In 2016 the Charity received circa  
£400,000 of income**

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At the end of the year, the Charity had a strong financial position with net assets of £2.1 million. This is mainly made up of the following:

- Freehold Land and Building: £1,951,368
- Debtors: £48,741
- Cash at Bank & In-Hand: £220,613
- Accruals: £34,716

The Trustees are grateful for the support and donations received which underpinned the strong financial position of the Charity.

## HIGHLIGHTS



# 5

FUNDRAISING DINNERS  
across Scotland (Aberdeen,  
Edinburgh, Glasgow and Dundee)

.....



# £190,000

IN DONATIONS AND PLEDGES

.....

### INCOME RECEIVED

2016 £419,473

2015 £519,368

### GIFTAID

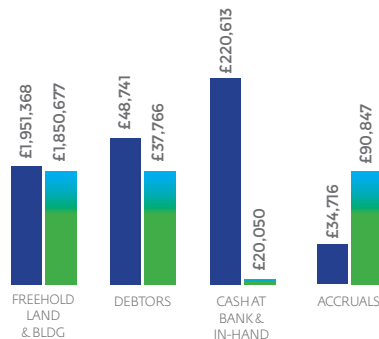
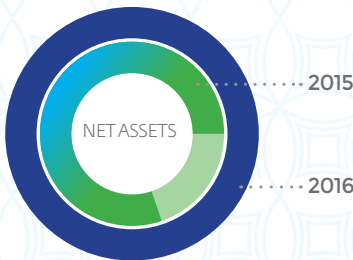
2016 £38,748

2015 £53,094

### NET INCOME

2016 £368,274

2015 £466,560



## RESERVES POLICY

At 31 December 2016, the Charity held 4 separate funds being:

### 1. Waqf Funds

On 11 July 2014, equivalent to 14 Ramadhan 1435 A.H. (After Hijrah), the Charity received a gift in the form of freehold land and building situated at 41 Nelson Street, Aberdeen, AB24 5ER. The Charity acknowledged the particular purpose of the gift, being that the freehold and building is to be developed for use as a masjid and community centre and agreed that the freehold land and building would be utilised for this purpose thereafter, to be treated as a Waqf and Islamic rulings of Waqf will apply to it. This gift formed the first Waqf (permanent endowment) to be entrusted to the Charity.

### 2. Restricted Funds – Masjid Alhikmah and Community Centre Project

Masjid Alhikmah is a new fit-for-purpose, family friendly Masjid and Community Centre being built in Aberdeen to serve the community. The usage of these funds is restricted towards the costs of bringing Masjid Alhikmah and Community Centre into use. The funds are transferred to the Waqf (permanent endowments) in line with the capitalisation of the development costs of the project.

### 3. Restricted Funds – Zakat

Zakat is a compulsory act of worship that requires Muslims who own wealth at or over a certain threshold (called the Nisab) to donate a portion of that wealth, typically 2.5% to those who are eligible. It is a right the poor have over the rich. The Charity acts as an administrator of this process and the distribution of these funds is restricted towards the eight categories of eligible recipients as specified in the Noble Qur'an.

### 4. Unrestricted funds

These are donations received with no specification of its use by the donors. Unrestricted funds are available for use at the discretion of the Trustees for any of the Charity's purposes.



## PLANS FOR THE FUTURE

Masjid is now wind and water tight and protected from the natural environment.

Going forward, the focus is to raise the required donations in order to fund Phase 2 (internal works) of the construction of the Masjid. Various fundraising efforts have already been planned to facilitate this anticipated progress. There are also a lot of community engagement efforts planned to further facilitate community cohesion here in Aberdeen.



## STRUCTURE, GOVERNANCE & MANAGEMENT

### Constitution

The Charity is a Scottish Charitable Incorporated Organisation (SCIO). It is governed by its constitution, which was adopted on 5 June 2013. The Charity was granted charitable status by Office of the Scottish Charity Regulator (OSCR) on 28 August 2013.

### Organisational structure and decision-making

The Charity Trustees are responsible for the strategic direction, governance and day-to-day management of the Charity. The Trustees give their time freely and receive no remuneration or other financial benefits.

The Trustees meet together as a body weekly and are responsible for all decisions taken in relation to running of the Charity and the activities provided by the Charity. The Charity also has over 50 ambassadors. 2 to 3 ambassadors often attend the weekly meetings and assist the Charity with activities through out the year.

The Trustees also meet together in the Quarterly Board Meetings and in the Annual General Meeting (AGM). The business at the AGM includes a report by the Amir on the activities of the Charity and consideration

by the trustees of the future strategy of the Charity including a review of key risks and opportunities.

Staying true to the values of the Charity, the Board of Trustees regularly consults its two sub-committees, the Fiqh Committee and the Shura Committee on relevant matters in order to arrive at the right decision.

### Recruitment and appointment of trustees

The existing trustees are responsible for the recruitment of new trustees but in so doing the Trustees seek the views and recommendations of both the Shura Committee and the community.

In selecting new trustees, we seek to identify people who regularly attend meetings and events organised by the Charity and are willing to volunteer to help in our broader community work.

Potential trustees are invited to attend Trustees' meetings as observers and are given more details of the Charity's aims and activities. They are then proposed as new trustees at the subsequent Trustees' meeting. This process allows due consideration of the person's eligibility, personal competence, specialist knowledge and skills.

Trustees of the Charity are appointed for a period of three years with an option to continue for another term if the Board agrees. During the year Br. Abbas Ariff, Dr. Rahman Mukras and Dr. Eltjani Elias retired as Trustees. The Board is grateful for the immense contribution the brothers made during their tenure as trustees.

Brothers Sarfraz Ali, Mamun Razzak, Aqeel Ajazi, Mohamed Mashaal, Yusuf Nasidi and Iftikar Mian agreed to continue in their role as Trustees for another term. The Board took the decision to increase the number of trustees to 11 as allowed by the Constitution.

The Board welcomed brother Abdulwasii Lawanson and sister Homaira Razzak as new trustees in the year. The Board reelected Br. Sarfraz as Amir of Alhikmah Foundation SCIO and elected Br. Naveed as Vice Chairman of Alhikmah Foundation SCIO.

## BOARD OF TRUSTEES

Name	Position	Elected	Board Meeting Attendance
Sarfraz Ali	Amir (Chairman)	28 Aug 2013	4 / 4
Naveed Qamar	Vice Chairman	25 Oct 2014	4 / 4
Abdulwasii Lawanson	Treasurer	28 Aug 2016	1 / 1
Mamun Razzak	Secretary	28 Aug 2013	4 / 4
Aqeel Ajazi		28 Aug 2013	4 / 4
Iftikar Mian		28 Aug 2013	4 / 4
Mohamed Mashaal		28 Aug 2013	4 / 4
Yusuf Nasidi		28 Aug 2013	4 / 4
Abbas Ariff		28 Aug 2013 Retired 31 Jul 2016	3 / 3
Dr. Eltjani Elias		28 Aug 2013 Retired 19 Jul 2016	1 / 3
Dr. Rahman Mukras		07 Aug 2016 Retired 10 Dec 2016	1 / 1
Homaira Razzak		23 Dec 2016	0 / 0



## Induction and training of trustees

Following appointment, new trustees are introduced to their new role and given a copy of the constitution and a guide to the policies and procedures adopted by our Charity.

## Risk Management

The Trustees have assessed the risks the foundation faces and have drawn up a risk matrix which identifies the major risks by area of activity, the nature of those risks, the likelihood of the risks happening and the measures taken to manage them. The Trustees are satisfied that systems are in place, or arrangements are in hand, to manage the risks that have been identified.

## Reference & Administrative Information

Charity Name - Alhikmah Foundation SCIO  
Charity Number - SC044230  
Principal Office - 41 Nelson Street, Aberdeen, AB24 5ER





Aberdeen Beach

## Consultant and Advisor

Saad Khan

## Shura Committee

Dr. Eltijani Elias and Naveed Qamar

## Fiqh Committee

Dr. Eltijani Elias and Dr. Khaled Ahmed.

## Auditors

Hall Morrice LLP, 7 Queen's Terrace,  
Aberdeen, AB10 1XL

## Solicitors

Shepherd & Wedderburn, 2 Rubislaw  
Terrace, Aberdeen, AB10 1XE

Burness Paull Williamsons LLP, 1 Union  
Wynd, Aberdeen, AB10 1DQ

## Bankers

HSBC PLC, 95-99 Union Street, AB11 6BD  
Charities Aid Foundation, 25 Kings Hill  
Avenue, West Malling, ME19 4TA

## Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

A resolution proposing that Hall Morrice LLP be reappointed will be put to the Annual General Meeting.

Approved by the Trustees on 31 May 2017 and signed on their behalf by:

Sarfraz Ali  
Amir (Chairman)

**1,100 Total Spaces**

**Sisters - 300 spaces**



**Basement - 150 spaces**

**Brothers - 650 spaces**



# INDEPENDENT AUDITORS' REPORT

to the Trustees of Alhikmah Foundation SCIO

We have audited the financial statements of Alhikmah Foundation SCIO for the year ended 31 December 2016 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees Report the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



Aliyu with a friend at Alhikmah's Funday Event



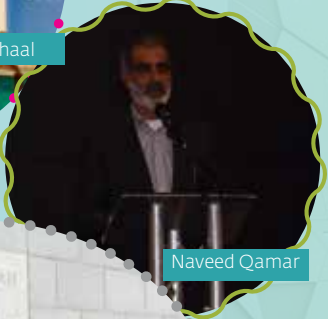
Mohamed Mashaal



Iftikar Mian



Abdullah Rolle and Mr. Razzak



Naveed Qamar



Omar Esa and Abdullah Rolle at Masjid Alhikmah



Badminton



Adam and Malcolm join us for the Scottish tour



The team at Edinburgh Dinner





Young Ambassadors



Abbas and Sarfraz



Habib Malik



Abdulwasii Lawanson with a guest at Edinburgh Dinner

*Jazakallahu  
khairan to all those  
who made our year  
a success!*



Guests at Dundee Dinner



Abdulazeez, Lisan and Ahmed cooking up a storm at Eid in the Garden



Brother Sherif filling out a donation form



Mamun Razzak and Naveed Qamar at Dundee Dinner



Sarfraz Ali, Chairman of Alhikmah Foundation



## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016, 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

- We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:
- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for an audit.

Hall Morrice LLP  
Statutory Auditors  
Aberdeen  
31 May 2017



# FINANCIAL STATEMENTS



King's College



# Statement of Financial Activities

For the 12 months ended 31 December 2016

Continuing Activities	Note	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2016	Total 2015
		£	£	£	£	£
<b>Income and endowments From:</b>						
Donations	2	38,748	373,478	-	412,226	495,454
Other trading activities	2	7,247	-	-	7,247	23,914
<b>Total income</b>		<b>45,995</b>	<b>373,478</b>	<b>-</b>	<b>419,473</b>	<b>519,368</b>
<b>Expenditure on:</b>						
Raising funds	3	(35,780)	(12,479)	-	(48,259)	(49,808)
Charitable activities	3	(2,940)	-	-	(2,940)	(3,000)
<b>Total expenditure</b>		<b>(38,720)</b>	<b>(12,479)</b>	<b>-</b>	<b>(51,199)</b>	<b>(52,808)</b>
<b>Net Income before Transfers</b>		<b>7,275</b>	<b>360,999</b>	<b>-</b>	<b>368,274</b>	<b>466,560</b>
<b>Gross Transfers between Funds</b>	9	-	(100,691)	100,691	-	-
Net Movement in Funds		7,275	260,308	100,691	368,274	466,560
Funds as at 31 December 2015		2,475	(35,420)	1,850,677	1,817,732	1,351,172
<b>FUNDS AS AT 31 DECEMBER 2016</b>		<b>9,750</b>	<b>224,888</b>	<b>1,951,368</b>	<b>2,186,006</b>	<b>1,817,732</b>



# Balance Sheet

As at 31 December 2016

	Note	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2016	Total 2015
		£	£	£	£	£
<b>Fixed Assets</b>						
Freehold Land and Building	6	-	-	1,951,368	1,951,368	1,850,677
<b>Current Assets</b>	7					
Debtors		-	48,741	-	48,741	37,766
Cash at Bank & In-Hand		9,750	210,863	-	220,613	20,050
Prepayments		-	-	-	-	86
<b>Current Liabilities</b>	8					
Creditors: Amounts Falling Due within One Year		-	(34,716)	-	(34,716)	(90,847)
<b>Net Current Assets / (Liabilities)</b>		9,750	224,888	-	234,638	(32,945)
<b>Net Assets</b>	10	9,750	224,888	1,951,368	2,186,006	1,817,732
<b>The Funds of the Charity</b>	9	9,750	224,888	1,951,368	2,186,006	1,817,732

Approved by the Board of Trustees on 31 May 2017 and signed on behalf by:

Sarfraz Ali  
Amir (Chairman)

## Statement of Cash Flows

For the 12 months ending 31 December 2016

	2016	2015
	£	£
<b>Net Movements in Funds</b>	<b>368,274</b>	<b>466,560</b>
Donated Freehold Land and Building	-	-
<b>Net Movements in Funds excluding Waqf</b>	<b>368,274</b>	<b>466,560</b>
<b>Net cash used in operating activities</b>		
Increase in Debtors	(10,975)	(36,439)
Decrease / (Increase) in Prepayments	86	1,321
Increase in Accruals	(56,131)	68,397
	<b>301,254</b>	<b>499,839</b>
<b>Waqf (Permanent Endowments)</b>		
Increase in Waqf (Permanent Endowments)	(100,691)	(987,152)
<b>Change in cash and cash equivalents in the year</b>	<b>200,563</b>	<b>(487,313)</b>
Cash and cash equivalents brought forward	20,050	507,363
<b>Cash and cash equivalents carried forward</b>	<b>220,613</b>	<b>20,050</b>



A photograph of the Wellington Suspension Bridge, viewed through a large stone archway. The bridge's suspension cables and roadway are visible through the arch, leading towards a distant bridge structure under a cloudy sky. Two black stanchions with gold-colored caps are positioned in the foreground on either side of the path.

# NOTES TO THE FINANCIAL STATEMENTS

Wellington Suspension Bridge



# Notes to the Financial Statements

For the 12 months ending 31 December 2016

## 1 Principal accounting policies

### (a) General information

Alhikmah Foundation SCIO ("the Charity") is a Scottish Charitable Incorporated Organisation (SCIO). It is governed by its constitution, which was adopted on 5 June 2013. The Charity was incorporated and granted charitable status by the Scottish Charity Regulator (OSCR) on 28 August 2013.

### (b) Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and

Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Charity constitutes a public benefit entity as defined by FRS 102.

The most significant areas of adjustment and key assumptions that affect items in the accounts are the categorisation of the Charity's funds which are described in further detail below.

### (c) Going concern

The Charity has adequate resources and is well placed to manage future risks. The





Charity's planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Trustees believe that there are no material uncertainties that call into doubt the Charity's ability to continue. The financial statements have therefore been prepared on the basis that the Charity is a going concern.

#### **(d) Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required.

#### **(e) Fund accounting**

The Charity accounts for separate types of funds for which it is responsible to the donors in accordance with their terms of trust. These separate funds are described below;

**Unrestricted funds:** All donations are considered unrestricted unless specifically stated in the fundraising appeal or specifically stated by the donor. Unrestricted funds are available for use at the discretion of the Trustees for any of the Charity's purposes.

**Restricted funds:** Restrictions arise when specified by the donor or when funds are raised for specific purposes. The current restricted funds are;

1. Masjid Alhikmah and Community Centre Project at 41 Nelson Street, Aberdeen, AB24 5ER. Masjid Alhikmah is a new fit-for-purpose, family friendly Masjid and Community Centre being built in Aberdeen to serve the community. The usage of these funds is restricted towards the costs of bringing Masjid Alhikmah and Community Centre into use. The funds are transferred to the Waqf (permanent endowments) in line with the capitalisation of the development costs of the project.

2. Zakat

Zakat is a compulsory act of worship that requires Muslims who own wealth at or over a certain threshold (called the Nisab) to donate a portion of that wealth, typically 2.5% to those who are eligible. It is a right the poor have over the rich. The Charity acts as an administrator of this process and the distribution of these funds is restricted towards the eight categories of eligible recipients as specified in the Noble Qur'an.

#### **Waqf (Permanent Endowment) funds:**

Waqf refers to a religious endowment, a voluntary and irrevocable dedication of one's wealth or a portion of it, in cash or kind, and its disbursement for Shariah compliant projects. Waqf is a permanent donation and is a Sadaqah Jariah (continuous charity). Once Waqf is created, it can never be donated as a gift, inherited or sold to create expendable income. Disbursement of its returns is done in accordance with the endower's wishes. These are funds that have been given to Charity subject to the restriction that they are to be held as capital or spent on a long-term charitable asset. The Charity in this regards acts as an executor of the Waqf, to fulfill the endower's wishes, to protect the Waqf and to ensure its sustainability.



## **(f) Income**

All income are included in the Statement of Financial Activities (SOFA) when the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Donations: Comprises all incoming resources from donations.

Other trading activities: Comprise income generated from fundraising efforts such as entrance fees to the charity's fundraising dinners and events.

## **(g) Donated Services**

Where services have been donated, they are included in the Statement of Financial Activities at the value the Charity would pay in the open market for a service of equivalent utility to the Charity. An equivalent amount would be included as expenditure in the Statement of Financial Activities.

## **(h) Gifts in kind**

Gifts in kind for use by the Charity are included in the Statement of Financial Activities at their approximate market value at the date of receipt. Gifts in kind for distribution are included in the Statement of Financial Activities at their approximate market value at the date of distribution.

## **(i) Recognition of liabilities**

Liabilities are recognised on the accruals basis in accordance with normal accounting principles.

## **(j) Expenditure**

All expenditure is accounted for on an accruals basis and is recognised where there is a legal

or constructive obligation to pay. Expenditure has been classified under headings that aggregate all costs related to that category.

Costs of raising funds are costs incurred in attracting voluntary income, and those as stated under the various headings.

**Charitable activities:** The costs associated with the governance arrangements, which relates to the general running of the Charity. This includes such items as internal and external audit, legal advice, and costs associated with constitutional and statutory requirements.

**Support costs:** Support costs to a single activity are allocated directly to that activity. Where support costs relate to several activities, support costs have been allocated to each of the activities on the basis of the time spent during the period in the relevant activity. The amount of time spent on a particular activity is determined by the estimated equivalent time devoted by the Trustees and Ambassadors to perform the task. Support costs represent the support functions of management, finance and accounts, human resources, IT and offices facilities.

## **(i) Irrecoverable VAT**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

## **(k) Fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The



expected useful lives of the assets to the business are reassessed periodically in the light of experience. Depreciation is not charged for assets under construction.

### **(l) Donated Assets**

Where fixed assets have been donated, they are included in the Balance Sheet at their current value at the date of the gift and also included in the Statement of Financial Activities as an incoming resource.

### **(m) Taxation**

As a registered charity, the Charity is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value added tax (VAT) is not recoverable by the Charity, and

is therefore included in the relevant costs in the Statement of Financial Activities.

### **(n) Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

### **(o) Creditors**

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

**Girdleness Lighthouse**



# Notes to the Financial Statements

For the 12 months ending 31 December 2016

## 2. Income and endowments

	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2016	Total 2015
	£	£	£	£	£
<i>Donations</i>					
Donated Monies	-	261,740	-	261,740	398,490
Donated Freehold Land and Building	38,748	-	-	38,748	53,094
Gift Aid	-	14,736	-	14,736	27,925
Auctions	-	79,570	-	79,570	-
Gifts in Kind	-	12,816	-	12,816	15,100
Zakat Collected	-	870	-	870	845
Donated Services	-	3,746	-	3,746	-
<i>Other Trading Activities</i>					
Dinner and Events	7,247	-	-	7,247	23,914
<b>TOTAL INCOME</b>	<b>45,995</b>	<b>373,478</b>	<b>-</b>	<b>419,473</b>	<b>519,368</b>





# Notes to the Financial Statements

For the 12 months ending 31 December 2016

## 3. Expenditure

	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2016	Total 2015
	£	£	£	£	£
<i>Raising Funds</i>					
Cost of Generating Funds	-	9,547	-	9,547	2,107
Auctions Costs	-	2,590	-	2,590	1,680
Zakat Distributed	-	342	-	342	910
Gift in Kind	-	-	-	-	15,100
Dinner and Events	35,780	-	-	35,780	30,011
<i>Charitable Activities</i>					
Auditors' Remuneration	2,940	-	-	2,940	3,000
<b>TOTAL EXPENDITURE</b>	<b>38,720</b>	<b>12,479</b>	<b>-</b>	<b>51,199</b>	<b>52,808</b>

## 4 Trustees' Remuneration

Trustees are not remunerated and are not entitled to claiming expenses. Neither the Trustees, nor any persons connected with them, have received any remuneration or have claimed expenses in the current year or previous period.

## 5. Staff Costs and Emoluments

The Charity had no staff employed in the period.

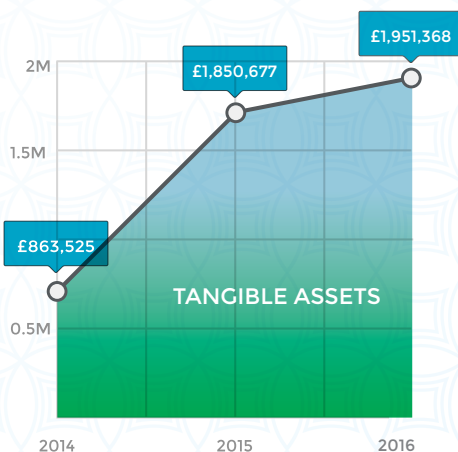
# Notes to the Financial Statements

For the 12 months ending 31 December 2016

## 6. Tangible Assets

Freehold Land and Buildings 2016		£	
Valuation/Cost			
At 31 December 2015	1,850,677		
Additions	100,691		
<b>At 31 December 2016</b>	<b>1,951,368</b>		
Accumulated depreciation			
At 28 August 2015			
Charge for the year			
<b>At 31 December 2016</b>			
Net book value			
<b>AS AT 31 DECEMBER 2016</b>	<b>1,951,368</b>		

Freehold Land and Buildings 2015		£	
Valuation/Cost			
At 31 December 2014	863,525		
Additions	987,152		
<b>At 31 December 2015</b>	<b>1,850,677</b>		
Accumulated depreciation			
At 1 January 2015	-		
Charge for the year	-		
<b>At 31 December 2015</b>	<b>-</b>		
Net book value			
<b>AS AT 31 DECEMBER 2015</b>	<b>1,850,677</b>		



## 7. Current Assets

In 2015 and 2016 all debtors related to restricted funds.

## 8. Current Liabilities

In 2015 and 2016 all debtors related to restricted funds.



# Notes to the Financial Statements

For the 12 months ending 31 December 2016

## 9. Summary of Funds

	Unrestricted Funds	Restricted Funds Masjid Alhikmah and Community Centre Project	Restricted Funds Zakat	Waqf Funds	Total 2016	Total 2015
	£	£	£	£	£	£
Balance as at 1 January	2,475	(35,595)	175	1,850,677	1,817,732	1,351,172
Total income	45,995	372,608	870	-	419,473	519,368
Total expenditure	(38,720)	(12,137)	(342)	-	(51,199)	(52,808)
Transfer to Waqf	-	(100,691)	-	100,691	-	-
<b>BALANCE AS AT 31 DECEMBER 2016</b>	<b>9,750</b>	<b>224,185</b>	<b>703</b>	<b>1,951,368</b>	<b>2,186,006</b>	<b>1,817,732</b>

Funds are described in detail in the Note 1 Principal Accounting Policies.

## 10. Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2016	Total 2015
	£	£	£	£	£
Fixed Assets	-	-	1,951,368	1,951,368	1,850,677
Current Assets	9,750	259,604	-	269,354	57,902
Current Liabilities	-	(34,716)	-	(34,716)	(90,847)
<b>NET ASSETS AT 31 DECEMBER 2016</b>	<b>9,750</b>	<b>224,888</b>	<b>1,951,368</b>	<b>2,186,006</b>	<b>1,817,732</b>

## 11. Related party transactions

There were no related party transactions during the current or previous year.



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