

**Alhikmah Foundation SCIO (SC044230)**

**Annual Report**

**12 months ended 31 December 2023**

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**Trustees' Annual Report  
For the 12 months ended 31 December 2023**

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

Dear Honorable and Respected Readers,

The trustees have pleasure in presenting their report together with the financial statements and the independent examiner's report for the 12 months ended 31 December 2023.

The year 2023, was a year of going from strength to strength in serving the Muslim community in the city of Aberdeen. The Charity provided a full scope of services from five daily prayers, Jumu'ah prayers, Taraweeh prayers during Ramadhan, Iftar, Eid prayers, education/Quran recitation and hifz classes, informative halaqa programmes, open days, funeral and marriage services. Much more outside of the mainstream activities such as health checks, promotion of wellbeing, and hosting visiting Tableeqh groups. The Charity also facilitated fundraising for different humanitarian causes around the world.

The Charity worked to achieve its stated goal and vision to provide excellent services and facility to both brothers and sisters in the Muslim community and the wider Aberdeen community. The Charity provided a diverse range of programmes and services including open days for the wider community, qurbani and food distribution both overseas and locally to those in need, trips and activities for the youth, both boys and girls, and various educational programmes by our Imam and external scholars. As in previous years, the Charity also invited several schools at our premises allowing them the opportunity to experience the environment of the masjid and attain a better understanding of Islam. The Charity also strived to assist with the cost-of-living crisis and administered food distribution drives for the wider Aberdeen community.

In December, Mohammad Farhan stepped down as a Chairman, the Board and the Charity is grateful for all his hard work and dedication to serve the purpose of the Charity and serving the Muslim community tirelessly. May Allah reward him abundantly.

During the year Imam Emran Ahmed resigned as the Imam and Head Teacher. The Charity began a search for a successor in the year.

The trustees would like to express their heartfelt thank you to all those who have supported the Masjid by keeping it in their prayers, donating towards the Masjid and volunteering their time and skills to support the various Masjid services.

## 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;
- 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 objective 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 fulfil our duties.
- Shura at the core of our decision-making process.

### Achievements in 2023 (Alhamdulillah)

- Growth in the number of students enrolled at Alhikmah Academy from 2022
- Continuation of Tahfeez Quran class for Boys.
- Two food drives for the wider Aberdeen community to help with the cost-of-living crisis.
- Emergency Appeals for relief work in various countries with the help of our charity partners.

### Engagement and communication

- The community were continuously updated via mobile applications and online engagement on masjid activities, events and announcements.
- Community announcements were made at Friday prayers and urgent announcements after daily prayers when required.
- Notice boards kept up to date at Men's and Women's areas highlighting any Masjid and Community Centre news items.
- Regular announcements, for the wider community, were made via the charity website and social media pages. The charity also engages with the community via signed up WhatsApp services to provide news and events information at the masjid.

### Activities

The Charity carries out a wide variety of activities in pursuance of its charitable aims, summarised below:

Religious, Educational and Extra circular Services:

- 5 prayers held every day..
- Jumu'ah (Religious Sermon's) conducted every Friday and broadcasted online on YouTube.
- Continuation of Alhikmah Academy 5-day classes for both girls and boys.

- Quizzes and Debate competitions for adults and children.
- Eid ul Fitr and Eid ul Adha prayers held for the community to celebrate the religious festivals.
- Nikah and civil marriage arranged and held at the Masjid.
- Youth Ietikaf Night and other various indoor & outdoor activities.
- Eid Fayre at Mile End School hired premises.
- Fajr Challenge for boys and girls.
- Fitness Classes.
- Football tournaments for the youth.

#### Fundraising

- CAF, nights and mytendays campaigns via social media for running costs leading the 2023 fundraising.
- Zakat, Zakat-ul-Fitr and Emergency Appeal collection and distribution via charity partners.
- Ramadan operational costs fundraising campaign in the Masjid.

#### Dawah and Outreach

- Qurbani and Food packs to all communities in Aberdeen.
- Iftar for Brothers and Sisters from the Masjid during Ramadan.
- Distribution of material explaining Islam, including translation of the Quran, to the wider community.
- Open day for the wider Aberdeen community.
- Schools' visits at the Masjid.

#### Extended Community Service

- Covid-19 Vaccination campaign at the Masjid premises for the Muslim and non-Muslim community.
- Consulate General of Pakistan Services at the Masjid premises for the Pakistani community.
- Nelson street litter picking clean-up operations led by the Masjid.

#### Financial Review

Alhamdulillah the Charity received in circa £313k of gross income in the year.

The biggest contributor to the Charity's income were;

- Single one-off donations including cash and contactless, of which £209k were received.
- Urban Fields Project Rental income of £37k
- Gift Aid income on donations amounted to circa £9k for the year.
- Circa £58k donations were received for third party charities through Masjid Alhikmah, including Zakaat, Zakaat Al Fitr, Qurbani and Emergency Appeal donations.

After deducting expenditure of £319k, the Charity had a net loss of £6k.

At the end of the year, the Charity had a strong financial position with net assets of £2.77million. This is mainly made up of the following;

- Freehold Land and Building, £2,406,769
- Fixtures and Fittings and Plant and Equipment, £67,469
- Debtors, £47,747
- Cash at Bank & In-Hand, £263,531
- Creditors, £10,271

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

#### Reserves Policy

At 31 December 2023, the charity held 4 separate donation 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.

## **2. Restricted Funds – Project Dependent**

The usage of these funds is restricted towards the particular project it was raised for, such as costs of bringing Masjid Alhikmah and Community Centre into use, operational expenditure, education and youth activities.

The funds related to the completion of the Masjid and Community Centre are transferred to the Waqf (permanent endowments) in line with the capitalisation of the development costs of the project.

## **3. Restricted Funds Third Party – Zakat, Zakaat Al-Fitr, Qurbani and Emergency Appeals and Other**

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 via our Zakat charity partner. The charity also collected Zakaat Al-Fitr, Qurbani and Emergency Appeal and other donations and income, facilitating the transfers on behalf of donors.

## **4. Unrestricted funds**

These are donations received with no specification of its use by donors. Gift Aid is included in the unrestricted funds category. Unrestricted funds are available for use at the discretion of the trustees for any of the charity's needs.

### **Plans for the future**

We will carry on providing religious educational, prayer and social services to the community. We plan to continue holding marketed open days throughout the year to allow the wider community to experience the facilities and expand our charitable causes to further impact the community positively. We are also planning:

- Expansion of our current facilities to cater for the growing Muslim population of Aberdeen and the needs of Alhikmah Academy. .
- Purchase of Nelson Street football fields from Aberdeen city council.
- Installation of solar panels at Masjid Alhikmah via Scottish government funding.

## **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. The charity revised its constitution in 2022, the changes entailed:

- Trusteeship allowance of three three year terms changed to only two three year terms for non-founding trustees, a mandatory break is required before re-election as a Trustee.
- New Clause added to allow in extraordinary circumstances, such as in order to maintain quorum, the Board may agree continuation of a Trustee's tenure for a single one year period beyond the above threshold, of two three year terms, in order for a competent replacement to be found. Any trustee in such position will, by default, cease being a trustee either when a quorum is established or when the one year extended term is complete, dependent on which comes first.

### **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 financial benefits.

The trustees meet on a regular basis, 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 ambassadors/volunteers, to help with the day to day activities and services.

The trustees also have Quarterly Board Meetings and an 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 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 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. Usually after completion of six months shadowing, trustees are voted in.

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 occurring and the measures taken to mitigate 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; **Principal Office** - 41 Nelson Street, Aberdeen, AB24 5ER

**Charity Number** - SC044230

### **Board of Trustees as at 31 Dec 2023**

Name	Additional Office position	Elected/Relected	Retired/Left Office
Naveed Qamar	Chairman	Mar-22	
Muhammad Shafiq Abdullah		Aug-20	
Abdul Moneim Ahmed	Vice Chairman	Jun-23	
Mohammad Mashaal	General Secretary	Sep-23	
Jabran Mohammed		Dec-23	
Mohammad Ilyas Hashim		Dec-23	
Mohammad Farhan		Dec-18	
Aqeel Ajazi		Aug-19	Jun-23
Tanweer Khan		Apr-21	
Kashif Manzoor		Oct-21	Aug-23
Suraju Owolabi	Treasurer	Sep-22	

### **Accountants**

Aberdeen Accountants Limited, Chartered Accountants and Business Advisors, 3 Scotsmill Gardens, Blackburn, Aberdeen, AB21 0GA.

### **Solicitors**

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

### **Bankers**

HSBC PLC

Charities Aid Foundation

The Co-operative Bank

### **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.

### **Examiners**

Aberdeen Accountants Limited, Chartered Accountants and Business Advisors, 3 Scotsmill Gardens, Blackburn, Aberdeen, AB21 0GA.

Approved by the trustees on 26<sup>th</sup> September 2024 and signed on their behalf by:



**Naveed Qamar**

**Amir (Chairman)**

**As at 26<sup>th</sup> September 2024**

## **Independent Examiner's Report to the Trustees of Alhikmah Foundation SCIO**

I report on the accounts of the Charity for the year ended 31 December 2023 which are set out in pages 10 to 19.

### **Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

### **Basis of independent examiner's statement**

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

### **Independent examiner's statement**

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

*Sabaah Arshed*

**Sabaah Arshed MA CA**  
**On behalf of Aberdeen Accountants Limited**  
**Chartered Accountants**  
**Aberdeen**  
**26<sup>th</sup> September 2024**

**Statement of Financial Activities**  
**For the 12 months ended 31 December 2023**

Continuing Activities	Note	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2023	Total 2022
		£	£	£	£	£
<b>Incoming Resources</b>						
Donations		142,764	170,102	0	<b>312,866</b>	<b>320,793</b>
Grants		0	0		<b>0</b>	<b>20,700</b>
Other trading activities		0	0	0	<b>0</b>	<b>0</b>
<b>Total income</b>	2	<b>142,764</b>	<b>170,102</b>	<b>0</b>	<b>312,866</b>	<b>341,493</b>
<b>Resources Expended</b>						
Cost of Charitable Activities		(62,464)	(143,205)	(49,913)	<b>(255,582)</b>	<b>(247,502)</b>
Fundraising Costs		(2,802)	0	0	<b>(2,802)</b>	<b>(3,092)</b>
Governance Costs		0	(1,920)	0	<b>(1,920)</b>	<b>(1,920)</b>
Grant Related Expenditure		0	0	0	<b>0</b>	<b>(16,385)</b>
Other Resources Expended		0	(58,490)	0	<b>(58,490)</b>	<b>(58,225)</b>
<b>Total Resources Expended</b>	3	<b>(65,266)</b>	<b>(203,615)</b>	<b>(49,913)</b>	<b>(318,794)</b>	<b>(327,124)</b>
<b>Net Income before transfers</b>		<b>77,498</b>	<b>(33,513)</b>	<b>(49,913)</b>	<b>(5,928)</b>	<b>14,369</b>
<b>Gross transfer between funds</b>	8	<b>0</b>	<b>(2,792)</b>	<b>2,792</b>	<b>0</b>	<b>0</b>
<b>Net Movement in Funds</b>		<b>77,498</b>	<b>(36,305)</b>	<b>(47,121)</b>	<b>(5,928)</b>	<b>14,369</b>
<b>Funds as at 31 December 2022</b>		<b>98,902</b>	<b>160,912</b>	<b>2,521,359</b>	<b>2,781,173</b>	<b>2,766,804</b>
<b>Funds as at 31 December 2023</b>	12	<b>176,400</b>	<b>124,607</b>	<b>2,474,238</b>	<b>2,775,245</b>	<b>2,781,173</b>

**Balance Sheet**  
**As at 31 December 2023**

	Note	Unrestricted Funds £	Restricted Funds £	Waqf Funds £	Total 2023 £	Total 2022 £
<b>Fixed Assets</b>						
Freehold Land	9			725,000	<b>725,000</b>	725,000
Freehold Building	9			1,885,028	<b>1,885,028</b>	1,885,028
Furniture and Fixtures	9			22,114	<b>22,114</b>	22,114
Plant and Equipment	9			89,423	<b>89,423</b>	86,631
Accumulated Depreciation	9			(247,327)	<b>(247,327)</b>	(197,414)
<b>Current Assets</b>						
Debtors		7,717	40,030		<b>47,747</b>	50,312
Cash at Bank & In-Hand		168,683	94,848		<b>263,531</b>	223,252
Prepayment					<b>0</b>	0
<b>Current Liabilities</b>						
Creditors: Amounts Falling Due within One Year		0	(10,271)		<b>(10,271)</b>	(13,750)
<b>Net Current Assets</b>		176,400	124,607	0	<b>301,007</b>	259,814
<b>Net Assets</b>		176,400	124,607	2,474,238	<b>2,775,245</b>	2,781,173
<b>The Funds of the Charity</b>	12	176,400	124,607	2,474,238	<b>2,775,245</b>	2,781,173

Approved by the Board of Trustees on 26<sup>th</sup> September 2024 and signed on behalf by:



**Naveed Qamar**

**Amir (Chairman)**

**As at 26<sup>th</sup> September 2024**

**Statement of Cash Flows**  
**For the 12 months ending 31 December 2023**

	2023	2022
	£	£
<b>Net Movements in Funds</b>	<b>(5,928)</b>	<b>14,369</b>
Donated Freehold Land and Building		
Add Back Depreciation ( <i>prev included in Waqf Increase</i> )	49,913	49,766
<b>Net Movements in Funds excluding Waqf</b>	<b>43,985</b>	<b>64,135</b>
<b>Net cash used in operating activities</b>		
Decrease / (Increase) in Debtors	2,565	(3,082)
Decrease in Prepayments	0	0
(Decrease) / Increase in Accruals	(3,479)	10,670
	<b>43,071</b>	<b>71,723</b>
<b>Waqf (Permament Endowments)</b>		
Increase in Waqf (Permament Endowments)	(2,792)	(744)
<b>Change in cash and cash equivalents in the year</b>	<b>40,279</b>	<b>70,979</b>
Cash and cash equivalents brought forward	223,252	152,273
<b>Cash and cash equivalents carried forward</b>	<b>263,531</b>	<b>223,252</b>

**Notes to the Financial Statements**  
**For the 12 months ending 31 December 2023**

**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 financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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, have taken into consideration 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) 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 and requirements.

**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. Capital funds are transferred to the Waqf (permanent endowments) in line with the capitalisation of the development costs of the project.
2. Operations restricted donations, including Running Costs, Education, Library Funds, Social Specific and Funeral Services.
3. Grants and Furlough income received due to Covid-19 Pandemic.
4. Third Party Donation and Other facilitations where Alhikmah Foundation SCIO cannot provide the service to the donor and therefore facilitates that requirement with a partner charity. Services such as Qurbani, Zakaat and Emergency Funds for disasters fall under this category.

**Notes to the Financial Statements  
For the 12 months ending 31 December 2023**

**1 Principle accounting policies (continued)**

**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.

**(e) 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 including Gift Aid claims from those donations.

Activities for generating funds: Comprise income generated from fundraising efforts such as entrance fees to the charity's fundraising dinners and events.

**(f) 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.

**(g) Gifts in kind**

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

**(h) Recognition of liabilities**

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

**(i) 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 generating funds are costs incurred in attracting donation income, and those as stated under the various headings.

Charitable activities: The costs which relate to the general running of the Charity. This includes such items as staff costs, general day to day running costs, 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.

**(j) Irrecoverable VAT**

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

**Notes to the Financial Statements  
For the 12 months ending 31 December 2023**

**1 Principal accounting policies (continued)**

**(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. Any capitalized assets that have further value added to them will suffer depreciation from the capitalized date of the asset. 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.

**Notes to the Financial Statements**  
**For the 12 months ending 31 December 2023**

**2. Income and endowments**

Note	Unrestricted Funds £	Restricted Funds £	Waqf Funds	<b>2023 Total £</b>	2022 Total £
<b>Income</b>					
Donated Monies Unrestricted	113,234			<b>113,234</b>	89,391
Donated Monies Operations		79,344		<b>79,344</b>	89,382
Donated Monies for Capital Spend		16,065		<b>16,065</b>	15,064
Gift aid	9,238			<b>9,238</b>	14,964
Sadaqah	20,134			<b>20,134</b>	11,078
Zakah		9,522		<b>9,522</b>	19,642
External Charity Collections		28,504		<b>28,504</b>	34,002
Grants & Furlough				<b>0</b>	20,700
Urban Fields Project		36,667		<b>36,667</b>	47,233
Other	158			<b>158</b>	37
<b>Activities for generating funds</b>					
Fundraising Events				<b>0</b>	0
<b>Total incoming resources</b>	<b>142,764</b>	<b>170,102</b>	<b>0</b>	<b>312,866</b>	341,493

**3. Expenditure**

Note	Unrestricted Funds £	Restricted Funds £	Waqf Funds	<b>2023 Total £</b>	2022 Total £
Cost of generating funds	2,802			<b>2,802</b>	3,092
Cost of charitable activities	62,464	143,205		<b>205,669</b>	197,736
Zakah		15,672		<b>15,672</b>	19,634
External Charity Projects		33,818		<b>33,818</b>	34,044
Purchase of Equipment				<b>0</b>	0
Depreciation			49,913	<b>49,913</b>	49,766
Gifts in Kind				<b>0</b>	0
Fundraising Dinner and events				<b>0</b>	0
Governance costs		1,920		<b>1,920</b>	1,920
Grants & Furlough'd Salary expended				<b>0</b>	16,385
Urban Fields Project		9,000		<b>9,000</b>	3,457
Other				<b>0</b>	1,090
<b>Total resources expended</b>	<b>65,266</b>	<b>203,615</b>	<b>49,913</b>	<b>318,794</b>	327,124

**Notes to the Financial Statements**  
**For the 12 months ending 31 December 2023**

**4. Notes on Accounts**

- i. Restricted "Cost of Charitable Activities" categorised for the expected expenditure of running a Masjid, including Salaries, Office Supplies, Maintenance, Utilities & Waste and community events.

**5. 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 for services carried out on behalf of the charity in the current year or previous period. Trustees can be reimbursed for expenditure incurred on behalf of the charity, such as stationary etc, as long as receipts are provided.

**6. Staff**

The Charity had two staff members employed at the end of 2023.

**7. Independent Examiners Remuneration**

The Independent Examiner's Remuneration for the examination was £500. This is included as part of the monthly package charged to Alhikmah Foundation by Aberdeen Accountants Limited.

**8. Transfer Between Funds**

£2,792 of restricted expenditure was transferred to the Waqf Funds as part of the capital expenditure on 41 Nelson Street site.

**Notes to the Financial Statements**  
**For the 12 months ending 31 December 2023**

**9. Tangible assets**

	Freehold Land and Buildings	Fixtures and Fittings	Plant and Equipment	Total
	2023	2023	2023	2023
	£	£	£	£
<b>Valuation/Cost</b>				
At 31 December 2022	<b>2,610,028</b>	<b>22,114</b>	<b>86,631</b>	<b>2,718,773</b>
Additions		0	2,792	2,792
Transfers		0	0	0
<b>At 31 December 2023</b>	<b>2,610,028</b>	<b>22,114</b>	<b>89,423</b>	<b>2,721,565</b>
<b>Accumulated depreciation</b>				
At 31 December 2022	(165,558)	(10,250)	(21,606)	(197,414)
Charge for the year	(37,701)	(2,211)	(10,001)	(49,913)
<b>At 31 December 2023</b>	<b>(203,259)</b>	<b>(12,461)</b>	<b>(31,607)</b>	<b>(247,327)</b>
<b>Net book value</b>				
<b>At 31 December 2023</b>	<b>2,406,769</b>	<b>9,653</b>	<b>57,816</b>	<b>2,474,238</b>

	Freehold Land and Buildings	Fixtures and Fittings	Plant and Equipment	Total
	2022	2022	2022	2022
	£	£	£	£
<b>Valuation/Cost</b>				
At 31 December 2021	<b>2,609,284</b>	<b>22,114</b>	<b>86,631</b>	<b>2,718,029</b>
Additions	744	0	0	744
Transfers	0	0	0	0
<b>At 31 December 2022</b>	<b>2,610,028</b>	<b>22,114</b>	<b>86,631</b>	<b>2,718,773</b>
<b>Accumulated depreciation</b>				
At 31 December 2021	(127,837)	(8,039)	(11,771)	(147,647)
Charge for the year	(37,721)	(2,211)	(9,835)	(49,767)
<b>At 31 December 2022</b>	<b>(165,558)</b>	<b>(10,250)</b>	<b>(21,606)</b>	<b>(197,414)</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>2,444,470</b>	<b>11,864</b>	<b>65,025</b>	<b>2,521,359</b>

**Notes to the Financial Statements**  
**For the 12 months ending 31 December 2023**

**10. Current Assets**

Debtors are categorised as restricted and unrestricted, as per the nature of the debt.

**11. Current Liabilities**

Creditors are categorised as restricted and unrestricted, as per the nature of the liability.

**12. Summary of Funds**

	Unrestricted Funds	Restricted Funds Masjid Alhikmah Project	Restricted Funds External Charities	Waqf Funds	2023 Total	2022 Total
	£	£	£	£	£	£
Balance as at 1st January 2023	98,902	147,587	13,325	2,521,359	2,781,173	2,766,804
Total incoming resources	142,764	132,076	38,026	0	312,866	341,493
Total resources expended	(65,266)	(154,125)	(49,490)	(49,913)	(318,794)	(327,124)
Transfer to Waqf	0	(2,792)		2,792	0	0
<b>Balance as at 31 December 2023</b>	<b>176,400</b>	<b>122,746</b>	<b>1,861</b>	<b>2,474,238</b>	<b>2,775,245</b>	<b>2,781,173</b>

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

**13. Analysis of Net Assets between Funds**

	Unrestricted Funds	Restricted Funds	Waqf Funds	Total 2023	Total 2022
	£	£	£	£	£
Fixed Assets	0	0	2,474,238	2,474,238	2,521,359
Current Assets	176,400	134,878	0	311,278	273,564
Current Liabilities	0	(10,271)	0	(10,271)	(13,750)
<b>Net Assets at 31 December 2023</b>	<b>176,400</b>	<b>124,607</b>	<b>2,474,238</b>	<b>2,775,245</b>	<b>2,781,173</b>

**14. Related party transactions**

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