

ISLAMIC CENTRE OF ENGLAND LTD

Company No: 03142456 (England and Wales)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2002



BHALLOO & COMPANY LIMITED
Chartered Certified Accountants
52 Throwley Way
Sutton, Surrey SM1 4BF

ISLAMIC CENTRE OF ENGLAND LTD

DIRECTORS

M Araki
H Shirazi
S Ranani

SECRETARY

H Shirazi

REGISTERED CHARITY NUMBER

1058998

BUSINESS ADDRESS

140 Maida Vale
London
W9 1QB

REGISTERED OFFICE

140 Maida Vale
London
W9 1QB

AUDITORS

Bhalloo & Company Limited
Chartered Certified Accountants
52 Throwley Way
Sutton
Surrey SM1 4BF

SOLICITORS

Kidd Rapinet
14-15 Craven Street
London
WC2N 5AD

PRINCIPAL BANKERS

National Westminster Bank plc
160 Cricklewood Broadway
London
NW2 3ED

ISLAMIC CENTRE OF ENGLAND LTD

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ISLAMIC CENTRE OF ENGLAND LTD

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31st December 2002.

PRINCIPAL ACTIVITIES

The company is a registered charity with the object of advancing the religion of Islam and education, and the provision of social and religious welfare facilities.

ORGANISATION

The trustees of Islamic Centre of England (London) Limited are members of the council of management. The directors of Islamic Centre of England (London) Limited for the purposes of the Companies Act are the Trust's officers.

The trustees are responsible for the overall management and control of the Trust and meet regularly to manage its affairs. Staff resources are divided into religious and clerics, education and promotion of Islam, fundraising, finance and administration.

TRANSACTIONS AND FINANCIAL POSITION

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities.

The Statement of Financial Activities shows how the Trust's fund have been applied during the year. The gross receipt of the organisation was £1,336,412 (2001 - £1,281,060) of which £39,092 (2001 - £64,657) was raised internally from the sale of books and cassettes, from the hire of the conference hall and fees charged in connection with the conduct of marriages and other religious activities.

Donations directly related to the principal activities amounted to £1,297,320 (2001 - £1,216,403).

DIRECTORS' RESPONSIBILITIES

As mentioned in paragraph 3 above, the Trust's officers are directors of Islamic Centre of England (London) Limited for the purposes of the Companies Act and company law requires them to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ISLAMIC CENTRE OF ENGLAND LTD

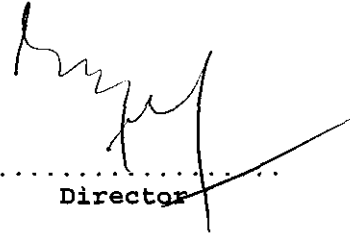
REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, Bhalloo & Company Limited, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By Order of the Board



.....
Director

Date: 30th October 2003

ISLAMIC CENTRE OF ENGLAND LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ISLAMIC CENTRE OF ENGLAND LTD

We have audited the financial statements of Islamic Centre of England (London) Limited on pages 5 to 12 for the year ended 31st December 2002. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us in respect of donations received in the period was limited. Donations received by the organisation were neither contractual nor obligatory on the part of the donors. As such it was not possible to extend our procedures to determine the adequacy and completeness of donations received, which are derived primarily from bankings made into the charity's bank account. It is not possible to quantify the effect these might have on the charity's financial statements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern


In forming our opinion, we have considered the adequacy of the disclosures made in note 10 to the accounts concerning the directors' assessment of the organisation's ability to meet expenses and other outgoing. In view of the significance of this uncertainty, we considered that it should be brought to your attention, but our opinion is not qualified in this respect.

ISLAMIC CENTRE OF ENGLAND LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (Continued)
ISLAMIC CENTRE OF ENGLAND LTD

Opinion

Except for the possible effect of the limitation referred to in paragraph 7 above, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 2002 and of its incoming and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


.....
BHALLOO & COMPANY LIMITED
Chartered Certified Accountants
Registered Auditors
52 Throwley Way
Sutton
Surrey SM1 4BF

Date : 30th October 2003

ISLAMIC CENTRE OF ENGLAND LTD

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER 2002

| | | UNRESTRICTED | RESTRICTED | TOTAL FUNDS | TOTAL FUNDS |
|---|-------|--------------|------------|----------------|----------------|
| | Notes | 2002 £ | 2002 £ | 2002 £ | 2001 £ |
| INCOMING RESOURCES | | | | | |
| Donations | | - | 1,297,320 | 1,297,320 | 1,216,403 |
| Non-Charitable Income | | 39,092 | - | 39,092 | 64,657 |
| Total Incoming Resources | | 39,092 | 1,297,320 | 1,336,412 | 1,281,060 |
| RESOURCES EXPENDED | | | | | |
| Direct Charitable Expenditure | | - | 455,815 | 455,815 | 603,893 |
| Other Direct Expenditure | | 170,443 | - | 170,443 | 63,409 |
| Support Costs | | - | 25,651 | 25,651 | 27,295 |
| Fundraising and Publicity | | - | 2,193 | 2,193 | 7,997 |
| Management and Administration | | - | 613,657 | 613,657 | 482,022 |
| Total Resources Expended | | 170,443 | 1,097,316 | 1,267,759 | 1,184,616 |
| NET INCOMING RESOURCES BEFORE TRANSFERS | | | | | |
| | | (131,351) | 200,004 | 68,653 | 96,444 |
| Transfers Between Funds | | 131,351 | (131,351) | - | - |
| NET INCOMING RESOURCES AND NET MOVEMENT OF FUNDS | | | | | |
| | | - | 68,653 | 68,653 | 96,444 |
| FUND BALANCES BROUGHT FORWARD | 8 | - | 2,568,567 | 2,568,567 | 2,472,123 |
| FUND BALANCES CARRIED FORWARD | 8 | - | 2,637,220 | 2,637,220 | 2,568,567 |

SUMMARY INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|-----------|-----------|
| Gross Income of Continuing Operations | | 1,297,320 | 1,216,403 |
| Non-charitable Trading Activities Net Income | | (131,351) | 136 |
| Total Income of Continuing Operations | | 1,165,969 | 1,216,539 |
| Total Expenditure of Continuing Operations | | 1,097,316 | 1,120,095 |
| NET INCOME FOR THE YEAR | 7 | 68,653 | 96,444 |

ISLAMIC CENTRE OF ENGLAND LTD

ANALYSIS OF INCOMING RESOURCES AND TOTAL RESOURCES EXPENDED
FOR THE YEAR ENDED 31ST DECEMBER 2002

| | UNRESTRICTED 2002 £ | RESTRICTED 2002 £ | TOTAL 2002 £ | TOTAL 2001 £ |
|---|---------------------------|-------------------------|--------------------|--------------------|
| INCOMING RESOURCES | | | | |
| Donations :- | | | | |
| - Education, Promotion and Welfare | - | 1,297,320 | 1,297,320 | 1,083,833 |
| - Purchase of Islamic College | - | - | - | 132,570 |
| - Purchase of London Subsidiary | - | - | - | - |
| Other Income and Donations | - | - | - | 15,000 |
| Receipts from Conduct of Marriage and other Religious Activities | 27,264 | - | 27,264 | 27,428 |
| Sale of Books & Cassettes and Hire of Hall | 11,828 | - | 11,828 | 22,229 |
| | 39,092 | 1,297,320 | 1,336,412 | 1,281,060 |
| RESOURCES EXPENDED | | | | |
| <u>Direct Charitable Expenditure</u> | | | | |
| - Donations to Other Islamic Educational Institutions | - | 88,197 | 88,197 | 245,604 |
| - Religious Activities and Propagation | - | 323,434 | 323,434 | 287,318 |
| - Medical Sponsorship | - | 31,068 | 31,068 | 48,660 |
| - Umra and Haj Pilgrimage | - | 1,156 | 1,156 | 21,199 |
| - Others | - | 11,960 | 11,960 | 1,112 |
| | - | 455,815 | 455,815 | 603,893 |
| <u>Other Direct Expenditure</u> | | | | |
| - Cost of Printing, Books and Cassettes | 170,443 | - | 170,443 | 63,409 |
| | 170,443 | - | 170,443 | 63,409 |
| <u>Support Costs</u> | | | | |
| - Other costs | - | 2,339 | 2,339 | 649 |
| - Depreciation | - | 23,312 | 23,312 | 26,646 |
| | - | 25,651 | 25,651 | 27,295 |
| <u>Fundraising and Publicity</u> | | | | |
| - Advertising | - | 2,193 | 2,193 | 7,997 |
| | - | 2,193 | 2,193 | 7,997 |

ISLAMIC CENTRE OF ENGLAND LTD

ANALYSIS OF INCOMING RESOURCES AND TOTAL RESOURCES EXPENDED
FOR THE YEAR ENDED 31ST DECEMBER 2002 (CONTINUED)

| | UNRESTRICTED | RESTRICTED | TOTAL | TOTAL |
|--------------------------------------|--------------|------------|---------|---------|
| | 2002 | 2002 | 2002 | 2001 |
| | £ | £ | £ | £ |
| <u>Management and Administration</u> | | | | |
| - Wages and Salaries | - | 121,048 | 121,048 | 129,473 |
| - Accommodation, Rates & Insurance | - | 77,518 | 77,518 | 56,871 |
| - Welfare Activities | - | 127,200 | 127,200 | 63,536 |
| - Light and Heat | - | 8,601 | 8,601 | 5,008 |
| - Printing, Postage and Stationery | - | 42,678 | 42,678 | 32,410 |
| - Telephone | - | 52,988 | 52,988 | 42,388 |
| - Hire of equipment and Mobile Unit | - | 1,711 | 1,711 | 2,649 |
| - Motor Leasing Expenses | - | 5,739 | 5,739 | 6,630 |
| - Computer and Internet Expenses | - | 1,354 | 1,354 | 4,000 |
| - Repairs and Maintenance | - | 21,095 | 21,095 | 13,744 |
| - Cleaning | - | 4,743 | 4,743 | 228 |
| - Motor Expenses | - | 25,202 | 25,202 | 16,585 |
| - Travelling Expenses | - | 7,901 | 7,901 | 1,500 |
| - Legal and professional | - | 21,123 | 21,123 | 9,986 |
| - Accountancy | - | 7,931 | 7,931 | 7,000 |
| - Bank Charges and Interest | - | 2,103 | 2,103 | 1,059 |
| - Loan Interest | - | 80,191 | 80,191 | 88,480 |
| - Hire Purchase Interest | - | 248 | 248 | 475 |
| - Other Interest | - | 4,283 | 4,283 | - |
| | - | 613,657 | 613,657 | 482,022 |

ISLAMIC CENTRE OF ENGLAND LTD

BALANCE SHEET AT 31ST DECEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 3 | 3,894,857 | 3,898,859 |
| CURRENT ASSETS | | | |
| Debtors | 4 | 54,397 | 24,840 |
| Cash at bank and in hand | | 78,410 | 101,481 |
| | | <u>132,807</u> | <u>126,321</u> |
| CREDITORS: Amounts falling due within one year | 5 | <u>(223,828)</u> | <u>(256,331)</u> |
| NET CURRENT LIABILITIES | | <u>(91,021)</u> | <u>(130,010)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,803,836 | 3,768,849 |
| CREDITORS: Amounts falling due after more than one year | 6 | <u>(1,166,616)</u> | <u>(1,200,282)</u> |
| | | <u>2,637,220</u> | <u>2,568,567</u> |
| FUNDS AND RESERVES | | | |
| Net funds | 7 | <u>2,637,220</u> | <u>2,568,567</u> |
| | | <u>2,637,220</u> | <u>2,568,567</u> |

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

The financial statements were approved by the board on 30th October 2003 and signed on its behalf by

.....)
) Directors

The notes on pages 9 to 12 form part of these financial statements.

ISLAMIC CENTRE OF ENGLAND LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice for Charities.

1.2 Turnover

Turnover represents the donations and other legacies received during the period.

1.3 Depreciation

Depreciation is provided using the rates to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

| | | |
|-----------------------|-----|------------------|
| Fixtures and fittings | 15% | Reducing balance |
| Motor vehicles | 25% | Reducing balance |

No depreciation is provided on freehold buildings as it is the company's policy to maintain these so as to extend their useful lives.

1.4 Leasing and Hire Purchase

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

2. OPERATING SURPLUS

| | 2002 £ | 2001 £ |
|---|-----------|-----------|
| The operating surplus is stated after charging: | | |
| Depreciation | 23,312 | 26,646 |
| Auditors' remuneration | 7,931 | 7,000 |

ISLAMIC CENTRE OF ENGLAND LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

3. TANGIBLE ASSETS

| | Land and buildings £ | Plant and machinery etc. £ | Total £ |
|---|----------------------------|-------------------------------------|------------|
| <u>Cost</u> | | | |
| At 1st January 2002 | 3,753,658 | 271,761 | 4,025,419 |
| Additions | 13,443 | 5,867 | 19,310 |
| At 31st December 2002 | 3,767,101 | 277,628 | 4,044,729 |
| <u>Depreciation</u> | | | |
| At 1st January 2002 | - | 126,560 | 126,560 |
| Charge for year | - | 23,312 | 23,312 |
| At 31st December 2002 | - | 149,872 | 149,872 |
| <u>Net book value at 31st December 2002</u> | 3,767,101 | 127,756 | 3,894,857 |
| <u>Net book value at 31st December 2001</u> | 3,753,658 | 145,201 | 3,898,859 |

Included above are assets held under finance leases or hire purchase contracts as follows:

| | 2002 £ | 2001 £ |
|----------------------------------|-----------|-----------|
| Net book value | - | 6,518 |
| Depreciation charge for the year | - | 2,173 |

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

4. DEBTORS

| | 2002 £ | 2001 £ |
|-------|-----------|-----------|
| Other | 54,397 | 24,840 |
| | 54,397 | 24,840 |

5. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

| | 2002 £ | 2001 £ |
|---------------------------------|-----------|-----------|
| Bank loans | 160,848 | 160,848 |
| Trade creditors | 19,881 | 4,544 |
| Taxes and social security costs | 38,029 | 19,317 |
| Other creditors | 5,070 | 71,622 |
| | 223,828 | 256,331 |
| Secured creditors | 160,848 | 160,848 |

ISLAMIC CENTRE OF ENGLAND LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

6. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

| | 2002 £ | 2001 £ |
|-------------------|------------------|------------------|
| Bank loans | 1,166,616 | 1,200,282 |
| | <u>1,166,616</u> | <u>1,200,282</u> |
| Secured creditors | 1,166,616 | 1,200,282 |
| | <u>1,166,616</u> | <u>1,200,282</u> |

The loan of £1,327,464 at the balance sheet date is secured on the freehold land and buildings of Islamic Centre of England (London) Limited.

7. NET FUNDS

| | 2002 £ | 2001 £ |
|--|------------------|------------------|
| Retained surplus at 1st January 2002 | 2,568,567 | 2,472,123 |
| Surplus for the financial year | 68,653 | 96,444 |
| | <u>2,637,220</u> | <u>2,568,567</u> |
| Retained surplus at 31st December 2002 | <u>2,637,220</u> | <u>2,568,567</u> |

8. RECONCILIATION OF MOVEMENTS IN FUNDS

| | 2002 £ | 2001 £ |
|------------------------------------|------------------|------------------|
| Surplus for the financial year | 68,653 | 96,444 |
| Fund balance at 1st January 2002 | 2,568,567 | 2,472,123 |
| | <u>2,637,220</u> | <u>2,568,567</u> |
| Fund balance at 31st December 2002 | <u>2,637,220</u> | <u>2,568,567</u> |
| Represented by:- | | |
| Restricted funds | 2,637,220 | 2,568,567 |
| Unrestricted funds | - | - |
| | <u>2,637,220</u> | <u>2,568,567</u> |

9. LIMITED GUARANTEE

Islamic Centre of England (London) Limited is a company limited by guarantee. Each member undertakes to contribute such amount as may be required (not exceeding £10) to the company's assets if it should be wound up while he is a member or within one year after he ceases to be a member, for payment of the company's debts and liabilities contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

The company has 3 members at 31st December 2002 (2001 - 3).

ISLAMIC CENTRE OF ENGLAND LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

10. GOING CONCERN

The ability of the organisation to raise sufficient donations and meet its daily outgoing is necessary for it to continue as a going concern.

However, the amount of donations which Islamic Centre of England (London) Limited is able to raise is uncertain as this is based on the goodwill of donors.

Based on actual donations received since the balance sheet date and projected figures, the directors are of the opinion that Islamic Centre of England (London) Limited will be able to meet its daily outgoing in the foreseeable future.