

**COMPANIES HOUSE
EDINBURGH**

28 DEC 2018

FRONT DESK

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY
MOSQUES AND ISLAMIC CENTRE OF EDINBURGH
TRUST LIMITED**

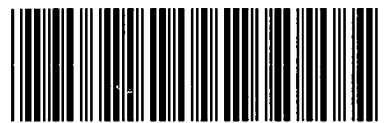
**(a charitable company limited by guarantee
and not having share capital)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

**Registered Company No: SC203582
Registered Scottish Charity No: SC029809**

FRIDAY



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COMPANIES HOUSE

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Objectives and activities

Purposes

The purposes of the company shall be wholly charitable. The Mosque King Fahad and Islamic Centre of Edinburgh was established in February 2000 with its objectives being:-

- The advancement of the religion of Islam in accordance with the Tenets and Doctrines of Holy Qur'an and Sunnah (the practice of Holy Prophet Muhammad "Peace be upon him")
- The advancement of the education of Muslim children in accordance with the Tenets and Doctrines of Islam
- The relief of such Muslims who are poor and needy.

For the purposes of furthering the attainment of the above charitable objectives the charitable company may exercise, all or any, of the following powers:-

- The establishment and maintenance of the Mosque and Madrassahs (Islamic Schools) for the religious education of Muslim children;
- To render help and facilities for the performance of religious rites on occasions of marriage, death etc.;
- To maintain cemeteries and provide facilities for burials;
- To organise collection and disbursement of Zakat (obligatory payment of alms and Fitra);
- To organise religious activities;
- To publish or to provide for publication of books for use as texts as otherwise in Madrassahs (Islamic Schools) or similar institutions; and
- To co-operate with other bodies having similar or sympathetic aims and generally to do all such other acts necessary to further the objectives of the Trust.
- The building of a mosque and;
- The founding of a religious and cultural centre in Edinburgh for the Muslim community.

Activities

The principle activities of the Mosque King Fahad and Islamic Centre of Edinburgh during the year were:-

- Providing a suitable and comfortable place for worship and washroom facilities which allowed for the conducting and performance of five congregational prayers daily, Friday sermons and prayers, funeral prayers, celebratory eid prayers and the taraweeh and tahajjud prayers each night of the month of Ramadan.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Activities (continued)

- Providing regular religious classes for men and women on various topics of the Islamic faith, including but limited to: Aqidah, Fiqh, Tafsir, Seerah, Tajweed and Arabic Language. In addition to this, the Centre has continued to foster long standing relationships with other Educational Institutes to provide English as Second Language tuition on-site for women.
- The operation of an Arabic Sunday School for children, with a main purpose of teaching the Arabic, the language of the Quran alongside Quranic recitation and Islamic Studies
- Hosting an array of different organisations, institutes and individuals at the mosque to foster good relationships and understanding about the religion is Islam and the Muslim community.

Volunteers

The Trustees would like to acknowledge the continued contribution and hard work of numerous volunteers throughout the year. Their efforts have helped to complement the day-to-day operation of the Mosque and provision of services to the community.

Grant making policy

The charity makes hardship payments to individuals during the year and has a policy of assisting other Mosques on an ad hoc basis. The Trustees review the level of the contributions each year to other religious organisations.

Achievements and performance

The principle achievements of The Mosque King Fahad and Islamic Centre of Edinburgh during the financial period were:-

- Expansion of the Arabic Sunday School from three classes to four during the year.
- Introducing a new structured educational program for people interested in Islam and those who have recently embraced the faith.
- Introducing and implementing new financial policies, procedures and improving the organisation's financial controls.
- Improvements to the organisational structure, staff roles and responsibilities.
- Continued hosting different group visits from a number of different organisations. These included but are not limited to: Primary and Secondary Schools, Colleges and Universities, local Scouts or children's activity groups as well as a number of international exchange programs from Europe and America.
- Continued provision of two community parties and celebrations for the two Eid holidays within the Islamic year. These celebrations included free access to games and activities for the children and free provision of food and drink throughout the day to celebrate the Islamic holiday.
- Continued provision of iftar, the evening meal to break the fast during the month of Ramadam, free to community members attending the mosque for night-time worship.
- Successfully organising and running the annual Islam Festival as part of the Edinburgh Fringe Festival, drawing in thousands of visitors from across the world. The Islam Festival has been an integral yearly event to help in fostering ties and understanding of Islam and Muslims amongst the wider non-Muslim population.
- Successful organisation of other smaller open day events throughout the year to strengthen community relationships.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Financial Review

The Charity generated a deficit in the year of £46,391 (2017: deficit of £270). The total income amounted to £438,514 (2017: £579,814), of which £404,351 (2017: £549,814) was unrestricted and £34,163 (2017: £30,000) was restricted. At the balance sheet date, the unrestricted reserves were £3,689,065 (2017: £3,737,156) and the restricted reserves were £1,700 (2017: £nil). The trustees are satisfied with this performance.

Risk management

Financial

The Mosque King Fahad and Islamic Centre of Edinburgh relies on continued financial support from the Muslim World League to meet the centre's running and operational costs.

Strategy to manage risk: The Board of the Trustees will look at different ways to fundraise and increase the regular donations from the community in addition to securing funds to invest in the current assets to maximise income.

Financial

The Mosque King Fahad and Islamic Centre of Edinburgh maintains a regular relationship with the Muslim World League as a financial sponsor, however, the boundaries of such a relationship are not clearly defined.

Strategy to manage risk: The Board of Trustees will work towards formalising the relationship between the charity and the Muslim World League and managing the risk of financial resources.

Operational

The Mosque King Fahad and Islamic Centre of Edinburgh has been without an Executive (managing) director since 2017.

Strategy to manage risk: The Board will look into recruiting and appointing a suitably qualified and experienced individual who will help the organisation to continue to achieve its objectives and expand its services.

Operational

The charity's progress and development is negatively impacted by a quick turn over of staff in the last few years and issues in retaining suitably trained or experienced individuals.

Strategy to manage risk: The Board and Senior Administration staff will be looking at updating and changing the organisation's operational structure and analysing the current operations, identifying any issues preventing the organisation from retaining staff and areas for development and improvement of skills and knowledge amongst the current employees.

Legal/Financial

The charity has, at present, an issue with title deeds in regards to the land and premises from which it operates. The issue presents a number of legal and financial challenges for the charity, and with the passing of time the situation risks becoming more complicated to rectify.

Strategy to manage risk: The Board of Trustees will work to identify and contact previously named Trustees of the Mosque and Islamic Centre of Edinburgh Trust in order to rectify this problem and have the title deeds for the land transferred to the Mosque of the Custodian of the Two Holy Mosque's and Islamic Centre of Edinburgh.

Reserves

At the end of the year the Charity had a deficit on unrestricted funds of £29,581 (2017: deficit of £36,032) excluding the Mosque property of £3,718,546 (2017: £3,773,188) which is held in a designated fund as shown in note 16. The Charity plans to recover this deficit and return to a surplus position within the foreseeable future. The donations from the congregation and the continued support from the Muslim World League will contribute to this surplus position. At the end of the year the Charity had total funds of £3,690,765 (2017: £3,737,156), of which £3,689,065 (2017: £3,737,156) was unrestricted and £1,700 (2017: £nil) was restricted.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Reserves (continued)

The Mosque aims to maintain a minimum reserve of one month of overhead expenditure being approximately £40,000 at current annual spend levels in order to meet the costs of day-to-day operations. To achieve this the Mosque will work with the trading subsidiary ECM (Trading) Limited in order to maximise the amount available to be gifted to the Mosque by:

- Regularly reviewing the terms of tenant's agreements between ECM (Trading) Limited and the Mosque Kitchen to increase revenue.
- Management efficiencies in the operation of the car park by ECM (Trading) Limited to increase revenue and reduce costs.

Principal Funding Sources

The principal funding sources for the charity were donations from the Muslim World League, donations from worshipers and gift aided payments from the trading subsidiary company.

Going concern

At the balance sheet date the Charity has net current liabilities of £27,881 (2017: £36,132). The ability of the Charity to continue as a going concern is dependent of the ability of the Charity to secure funds sufficient to be able to settle liabilities as they fall due. The Muslim World League has confirmed their support of the Charity to meet the day-to-day running costs and the costs of any additional activities required.

The Board of Trustees have reviewed this position and are satisfied that through continued donations and other sources of income in the forthcoming year that the net current liabilities will be met. On this basis the Trustees have prepared the Financial Statements on the going concern basis.

Plans for the future

Going forward the Board of Trustees aim to:

- Ensure continued financial support from the Muslim World League to sufficiently maintain current operational levels and continue to rectify the deficit on reserves.
- Identify any weaknesses or deficiencies within the current organizational policies, procedures and skill sets of employees to improve daily operations and provision of services.
- Continue to work on improving and updating financial policies and procedures, aiming for further improved financial control.
- Continue to expand on the provision of religious and educational activities offered to the community, specifically in relation to Quranic recitation, memorisation and its interpretation.
- Improvements to the building, facilities and the relevant health and safety compliance.
- Carry out an energy use and savings review and explore options for reducing energy consumption and cost.
- Continue building upon outreach efforts, hosting visits from schools and organisations across Scotland and the UK.
- Conduct a review and assessment of the recently implemented curriculum and teaching methods within the Sunday School to ensure that these are successful.
- Exploring options for, and implementing, a more efficient filing and archiving systems.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Structure, governance and management

Constitution

The Charity was incorporated on 3 February 2000. The company is a charitable company limited by guarantee with no share capital. The company's purposes and powers are prescribed by, and it is governed in accordance with, its Memorandum and Articles of Association.

In the event of the Trust winding up, every member of the Trust undertakes to contribute to the assets of The Mosque King Fahad and Islamic Centre of Edinburgh an amount not exceeding £1 each.

Trustees, Recruitment and Appointment of New Trustees

The Trustees of the Charity (who are also Directors of the company for company law purposes) are appointed when application for membership has been approved by the Board. The Trustees agree the board strategy including consideration of resources expended, reserves and risk management policies and performance.

All Trustees receive a briefing ahead of participation in their first Board meeting and undertaking duties in their role as Trustee.

Organisational Structure

The Trustees meet regularly, to oversee the operation of the Charity and determine its strategic direction and policies. A scheme of delegation is in place whereby the day-to-day responsibility for operation and administration rests with the Executive Director and Head of Administration and Finance, supported by their staff team.

Pay policy for senior staff

The Trustees consider the Executive Director and Head of Administration and Finance to be the key management personnel of the charity. The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings.

Related Parties and group structure

Included in the group is one subsidiary company, ECM (Trading) Limited, which operates the Mosque kitchen and car park.

Company information

The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited is also referred to as The Mosque King Fahad and Islamic Centre of Edinburgh and known as Edinburgh Central Mosque.

Registration

Registered Company No: SC203582

Registered Scottish Charity No: SC029809

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Company information (continued)

Trustees

Dr Hamad Al-Majed
Mr A Thabet
Dr A Makhdoom
Dr A Al-Dubayan
Mr S Ahmed
His Excellency Dr A Al Zaid (Vice Chair)
Mr S Alhamdan
His Excellency Dr M Alissa (Chair)
Mr N Alshareef
Mr M Arshad

Company Secretary

Dr N Al Arfaj (resigned 18 January 2018)

Key Management Personal

Dr Al Arfaj Executive Director *
Dr Mohamed Head of Administration and Finance
*‘Executive Director’ is a title, not a director in accordance with Companies Act.

Operational and Registered Office Address

50 Potterrow
Edinburgh
EH8 9BT

Senior Statutory Auditor

Kevin Cattanach

Auditor

Whitelaw Wells
9 Ainslie Place
Edinburgh
EH3 6AT

Banker

The Royal Bank of Scotland plc
142 – 144 Princes Street
Edinburgh
EH2 4EQ

Solicitor

Lindsays
Caledonian Exchange
19a Canning Street
Edinburgh
EH3 8HE

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Trustees' responsibilities

The Charity Trustees (who are also the directors of The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited for the purposes of company law) are responsible for preparing a Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the 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 UK 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 business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

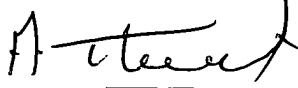
So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting.

This report has been prepared in accordance with the provision of Part 15 of the Companies Act 2006 applicable to small companies.

On behalf of the Board



Mr A Thabet
Trustee

18 December 2018

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

FOR THE YEAR ENDED 31 MARCH 2018

Qualified opinion

We have audited the financial statements of The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited (the 'charitable company') for the year ended 31 March 2018, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its net income or expenditure 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for qualified opinion on financial statements

With respect to fixed assets having a carrying amount of £3,718,546 the audit evidence available to us was limited because we were unable to agree legal title of the property with a carrying value of £3,693,696. Furthermore the charity did not maintain a fixed asset register so we were unable to confirm the existence of other fixed assets with a carrying value of £24,850. Additionally there was income totalling £41,334 that we were unable to vouch to supporting documentation. In the absence of this information, we were unable to obtain sufficient appropriate audit evidence regarding the carrying amounts by using other audit procedures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, except for the matters referred to below.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees (who are also directors of the company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED
FOR THE YEAR ENDED 31 MARCH 2018

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors, prepared for the purposes of company law and included with the Report of the Trustees, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors, included within the Report of the Trustees, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to fixed assets and income, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; or
- adequate accounting records have not been kept

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

FOR THE YEAR ENDED 31 MARCH 2018

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement set out on page seven, the directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cattnach

18 December 2018

Senior Statutory Auditor

for and on behalf of Whitelaw Wells, Statutory Auditor

Whitelaw Wells is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

9 Ainslie Place

Edinburgh EH3 6AT

**4THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted £	Restricted £	2018 £	2017 £
<u>Income and endowments from:</u>					
Donations and legacies					
Donations		196,216	34,163	230,379	477,807
Gift aid from subsidiary		201,000	-	201,000	102,000
Charitable activities					
Class fees		7,171	-	7,171	-
Investments					
Interest		(36)	-	(36)	7
Total income	4	404,351	34,163	438,514	579,814
<u>Expenditure on:</u>					
Charitable activities	5	452,247	32,658	484,905	580,084
Total expenditure		452,247	32,658	484,905	580,084
Net (expenditure)	6	(47,896)	1,505	(46,391)	(270)
Transfers between funds		(195)	195	-	-
Net movement in funds		(48,091)	1,700	(46,391)	(270)
Reconciliation of funds					
Total funds brought forward		3,737,156	-	3,737,156	3,737,426
Total funds carried forward	16	3,689,065	1,700	3,690,765	3,737,156

All income and expenditure relates to continuing operations.
The notes on pages 14 to 24 form part of these Financial Statements.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

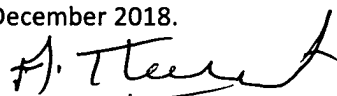
BALANCE SHEET

AS AT 31 MARCH 2018
Company Number: SC203582

	Notes	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible fixed assets	8		3,718,546		3,773,188
Investments	9		100		100
			<u>3,718,646</u>		<u>3,773,288</u>
CURRENT ASSETS					
Debtors	10	3,218		3,148	
Cash at bank and in hand		47,159		61,489	
		<u>50,377</u>		<u>64,637</u>	
CREDITORS: amounts falling due within one year	11	(78,258)		(100,769)	
		<u>(78,258)</u>		<u>(100,769)</u>	
NET CURRENT LIABILITIES			(27,881)		(36,132)
			<u>(27,881)</u>		<u>(36,132)</u>
NET ASSETS			<u>3,690,765</u>		<u>3,737,156</u>
Represented by:					
Restricted funds	16	1,700			-
Unrestricted funds	16	3,689,065			3,737,156
		<u>3,690,765</u>			<u>3,737,156</u>
NET ASSETS			<u>3,690,765</u>		<u>3,737,156</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These Financial Statements were approved and authorised for issue by the Board of Trustees on 18 December 2018.



Mr A Thabet
Trustee

The notes on pages 14 to 24 form part of these Financial Statements

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	below	(14,294)	35,231
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of fixed assets		-	(3,733)
Interest received		(36)	7
		<hr/>	<hr/>
Net cash (used in) investing activities		(36)	(3,726)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(14,330)	31,505
Cash and cash equivalents at the beginning of the year		61,489	29,984
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		47,159	61,489
		<hr/> <hr/>	<hr/> <hr/>
 <u>Reconciliation of net income to net cash flow from operating activities</u>			
		2018 £	2017 £
Net (expenditure) for the year (as per Statement of Financial Activities)		(46,391)	(207)
<u>Adjusted for:</u>			
Depreciation charge		54,642	54,605
Interest received		36	(7)
(Increase)/ decrease in debtors		(70)	51,711
(Decrease) in creditors		(22,511)	(70,808)
		<hr/>	<hr/>
Net cash (used in)/provided by operating activities		(14,294)	35,231
		<hr/>	<hr/>

The notes on pages 14 to 24 form part of these Financial Statements

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. Legal and administrative information

The company is limited by guarantee and was incorporated in Scotland. The company registration number and registered office is noted on the information page within these Financial Statements. The principal activity is stated in the Trustees' Report.

2. Accounting policies

a. Basis of preparation of Financial Statements

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charity and Trustee Investment (Scotland) Act 2005 the Companies Act 2006.

These financial statements contain information about The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited as an individual charity and do not contain consolidated financial information as the parent of a group. Consolidated group accounts have not been prepared on the basis that the group is exempt since statutory thresholds have not been breached.

The preparation of the Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited constitutes a public benefit entity as defined by FRS 102.

b. Going concern

At the balance sheet date the Charity has net current liabilities of £27,881 (2017: £36,132) and a deficit on general funds of £29,581 (2017: £36,132). The ability of the Charity to continue as a going concern is dependent on it being able to secure funds sufficient to be able to settle its liabilities as they fall due. The Muslim World League have confirmed their support of the Charity to a level to allow the Charity to meet the day-to-day running costs, and costs of any additional other activities required, and to meet its liabilities as they fall due.

The Board of Trustees have reviewed this position and through continued donations and other sources of income in the forthcoming year they conclude liabilities will be met as they fall due. On this basis the Trustees have prepared the Financial Statements on the going concern basis.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (cont.)

c. Income

All income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations are included in full in the Statement of Financial Activities when receivable. Income from activities for generating funds is recognised as earned, as the related services are provided.
- Gift aid from subsidiaries is recognised in the year in which the distribution is declared by the subsidiary.
- Investment income is included when receivable.

d. Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds which have been earmarked by the Trustees for a specific purpose.

Restricted funds are funds that can only be used for particular restricted purposes within the objectives of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

e. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, with items costing in excess of £500 capitalised.

Depreciation is provided at rates calculate to write off the costs of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	100 years straight line on cost
Fixtures and fittings	10 years straight line on cost
Plant and equipment	10 years straight line on cost

f. Cash and cash equivalents

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening deposit or similar account.

g. Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (cont.)

h. Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

These are allocated as between charitable expenditure and Governance costs. The charity is not registered for VAT and, accordingly, expenditure is shown gross of irrecoverable VAT.

Charitable expenditure is incurred in direct pursuance of the charity's principal objects and as set out in the Trustees' Report.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include governance costs which support the charity's programmes and activities. These costs include the expenses of Trustee meetings, the statutory audit and legal and professional fees.

i. Taxation

The charity is exempt from corporation tax on its charitable activities.

j. Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to profit or loss in the period to which they relate.

3. Judgements and estimates

In preparing these Financial Statements, the Directors have made the following judgements:

Fixed assets (Note 8)

Determining whether there are indicators of impairment of the organisation's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets. Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

4. Income

	Unrestricted £	Restricted £	2018 £	2017 £
Income from:				
Donations and legacies				
Gift aid donation – from subsidiary	201,000	-	201,000	102,000
Friday donations	68,423	-	68,423	62,609
Other donations	-	34,163	34,163	30,594
Funds from Muslim World League	127,793	-	127,793	384,604
	<hr/>	<hr/>	<hr/>	<hr/>
	397,216	34,163	431,379	579,807
Charitable activities				
Class fees	7,171	-	7,171	-
Investments				
Interest income	(36)	-	(36)	7
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	404,351	34,163	438,514	579,814
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Income was £438,514 (2017: £579,814) of which £404,351 (2017: £549,814) was unrestricted and £34,163 (2017: £30,000) was restricted.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

5. Expenditure	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Provision of a place of worship for the Muslim community:				
Staff costs (Note 7)	123,323	-	123,323	135,386
Other staff costs	7,625	-	7,625	4,946
Other	2,827	-	2,827	4,051
Room hire	-	-	-	151
Repairs & maintenance	32,693	-	32,693	132,972
Telephone	1,398	-	1,398	5,333
Bank charges	952	-	952	488
Legal & professional fees	17,451	-	17,451	13,722
Class fees	5,168	-	5,168	3,264
Insurance	7,921	-	7,921	7,570
Postage, printing & stationery	2,070	-	2,070	3,485
Heat & light	35,867	-	35,867	36,997
Donations	-	18,067	18,067	4,730
Cleaning	3,775	-	3,775	4,579
Travel	12,700	-	12,700	14,891
Fees & penalties	463	-	463	300
Events	12,293	-	12,293	13,475
Ramadan food	-	14,591	14,591	-
Security services	109,043	-	109,043	117,627
Accountancy fees	2,138	-	2,138	3,498
Consultancy fees	10,460	-	10,460	10,576
Depreciation	54,642	-	54,642	54,605
Governance costs				
Auditors' remuneration	9,438	-	9,438	7,438
	<u>452,247</u>	<u>32,658</u>	<u>484,905</u>	<u>580,084</u>

The provision of a place of worship for the Muslim community is the charity's sole activity. Expenditure was £484,905 (2017: £580,084) of which £452,247 (2017: £550,084) was unrestricted and £32,658 (2017: £30,000) was restricted.

During the year, 4 (2017: 5) donations were paid out totalling £18,067 (2017: £4,730), 2 (2017: 3) to individuals and 2 (2017: 2) to other organisations supporting Muslims. There were two grants in excess of £1,000 awarded to two organisations during the year (2017: one grant in excess of £1,000 awarded to one individual).

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

6. Net (expenditure)

The net (expenditure) is stated after (crediting)/charging:

	2018	2017
	£	£
Depreciation		
- owned by the company	54,642	54,605
Auditor's remuneration (previous auditor) – audit fee	2,718	(152)
Auditor's remuneration (previous auditor) – non audit	-	1,590
Auditor's remuneration (current auditor) – audit fee	5,376	4,800
Auditor's remuneration (current auditor) – non audit	1,344	1,200

7. Analysis of staff costs, Trustee remuneration and expenses

	2018	2017
	£	£
Wages and salaries	116,378	126,398
Social security	6,402	8,988
Pensions	543	-
	<hr/>	<hr/>
	123,323	135,386
	<hr/>	<hr/>

The pension cost charge for the year amounted to £543 (2017: £nil) of which £nil (2017: £nil) was outstanding at the year end.

None of the Trustees received any remuneration (2017: none). Two Trustees (2017: four) were reimbursed expenses amounting to £2,490 (2017: £14,222) during the year. The average number of staff employed during the period under review, calculated on the basis of head count, was 6 (2017: 6). No employee emoluments exceeded £60,000 (2017: nil). The Trustees considers its key management personnel comprise the Executive Director and Head of Administration and Finance. The total employment benefits including employer pension contributions of the key management personnel was £16,644 (2017: £Nil).

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

8. Tangible fixed assets

	Freehold Land & Buildings £	Fixtures & Fittings £	Plant & Equipment £	Total £
Cost				
At 1 April 2017	4,503,733	20,503	86,317	4,610,553
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	4,503,733	20,503	86,317	4,610,553
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2017	765,000	11,749	60,616	837,365
Charge for year	45,037	973	8,632	54,642
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	810,037	12,722	69,248	892,007
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2018	3,693,696	7,781	17,069	3,718,546
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	3,738,733	8,754	25,701	3,773,188
	<hr/>	<hr/>	<hr/>	<hr/>

The land and buildings value cannot be separated so the combined value is depreciated over 100 years straight line at cost.

Legal title to the freehold land and buildings is held in the name of the trustees of The Mosque and Islamic Centre of Edinburgh Trust, the predecessor of The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited. Legal title was not transferred when the incorporated Mosque commenced operating in 2000. The Trustees believe this is an administrative matter that will be corrected in due course and are currently in discussions with their legal advisor to ascertain the identity of the remaining Trustees of The Mosque and Islamic Centre of Edinburgh Trust to enable the title to be transferred to The Mosque of the Custodian of the Two Holy Mosques and Islamic Centre of Edinburgh Trust Limited.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

9. Investments

The Charity holds 100 shares of £1 each in its wholly owned subsidiary company ECM (Trading) Limited which is incorporated in the United Kingdom.

Investments in subsidiary undertaking

	£
Cost and Net Book Value	
At 31 March 2017 and 31 March 2018	100
	<u><u> </u></u>

Subsidiary undertakings

The following was a subsidiary undertaking of the Charity:-

Name	Country of Incorporation	Class of Shares	Holding	Principal Activity
ECM (Trading) Ltd	Scotland	Ordinary	100%	Property rental and trading company

The aggregate of share capital and reserves as at 31 March 2018 and of the loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Loss £
ECM (Trading) Limited	43,971	6,991
	<u><u> </u></u>	<u><u> </u></u>

10. Debtors

	2018 £	2017 £
Accrued income and prepayments	3,218	3,148
	<u><u> </u></u>	<u><u> </u></u>
	3,218	3,148
	<u><u> </u></u>	<u><u> </u></u>

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

**11. Creditors: amounts falling due
within one year**

	2018	2017
	£	£
Trade creditors	51,002	68,412
Accruals	17,211	24,645
Social Security and other taxes	2,333	-
Amounts owed to group companies	7,712	7,712
	<hr/>	<hr/>
	78,258	100,769
	<hr/>	<hr/>

12. Financial instruments

	2018	2017
	£	£
Financial assets measured at amortised cost	50,477	64,737
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	68,213	93,057
	<hr/>	<hr/>

Financial assets at amortised cost represent the investment in the subsidiary, cash at bank, trade debtors, accrued income and other debtors.

Financial liabilities at amortised cost represent trade creditors, accruals and other creditors.

13. Company Limited by Guarantee

The organisation is a charitable company limited by guarantee and has no share capital. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

14. Related party transactions

Dr Makhdoom is a Trustee of The Muslim World League London Office and His Excellency Dr A Al Zaid and His Excellency Dr M Alissa are Trustees of The Muslim World League. During the year donations of £127,793 (2017: £384,604) were received from The Muslim World League and expenses of £6,650 (2017: £51,254) were paid on behalf of the Mosque by The Muslim World League. No amounts were outstanding at the year end (2017: £nil).

ECM (Trading) Limited is a subsidiary company of the charity. During the year donations of £201,000 (2017: £102,000) were received from ECM (Trading) Limited. During the year ECM (Trading) Limited managed the operation of the car park and kitchen on behalf of the Mosque and received income of £199,991 (2017: £140,815) which formed part of the gift aid donation in the year. £7,712 (2017: £7,712) was owed to ECM (Trading) Limited at the year end.

No one individual had control of the charity in either the current or previous year.

15. Analysis of net assets between funds

Fund balances at 31 March 2018 as represented by:	General Fund £	Designated Fund £	Restricted Fund £	Total Funds £
Tangible fixed assets	-	3,718,646	-	3,718,646
Current assets	48,677	-	1,700	50,377
Current liabilities	(78,258)	-	-	(78,258)
	<u>(29,581)</u>	<u>3,718,646</u>	<u>1,700</u>	<u>3,690,765</u>

Fund balances at 31 March 2017 as represented by:	General Fund £	Designated Fund £	Restricted Fund £	Total Funds £
Tangible fixed assets	-	3,773,288	-	3,773,288
Current assets	64,637	-	-	64,637
Current liabilities	(100,769)	-	-	(100,769)
	<u>(36,132)</u>	<u>3,773,288</u>	<u>-</u>	<u>3,737,156</u>

**THE MOSQUE OF THE CUSTODIAN OF THE TWO HOLY MOSQUES AND ISLAMIC CENTRE OF
EDINBURGH TRUST LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 31 MARCH 2018

16. Funds

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2018 £
Restricted funds:					
Zakat	-	19,767	(18,067)	-	1,700
Ramadan	-	14,396	(14,591)	195	-
Designated funds					
Fixed assets	3,773,288	-	(54,642)	-	3,718,646
General Fund	(36,132)	404,351	(397,605)	(195)	(29,581)
	<u>3,737,156</u>	<u>438,514</u>	<u>(484,905)</u>	<u>-</u>	<u>3,690,765</u>

Zakat donations were received to help those in need.

Ramadan donations were received to contribute towards the provision of iftar.

The Trustees have designated funds for the net book value of fixed assets and investments.

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
Restricted funds:					
Carpet fund	-	30,000	(30,000)	-	-
Designated funds					
Fixed assets	3,824,160	-	(54,605)	3,733	3,773,288
General Fund	(86,734)	549,807	(495,479)	(3,733)	(36,132)
	<u>3,737,426</u>	<u>579,814</u>	<u>(580,084)</u>	<u>-</u>	<u>3,737,156</u>