

# ANNUAL REPORT

## & FINANCIAL STATEMENTS

YEAR END  
31 MARCH 2019



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Chief Executive Officer

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# As-salamu alaykum

## Peace be upon you

The world is suffering under the weight of a myriad of global issues. From climate change to dire poverty, from war and conflict to the refugee crisis – every day, the work our sector does has, unfortunately, become an increasing necessity.

The Muslim charity sector in the UK provides a lifeline for the people that it serves, offering solutions and a vision of what the future could be beyond the pain and suffering of the present. This collective of charities are the pride of the UK Muslim community. Research from MCF found that last year, British Muslim charities raised nearly £500 million for a variety of worthy causes across the world, including to provide necessary help to our neighbours and communities here in the UK. As the needs of the world grow, so does our sector.

From humble beginnings in the 1980s, with less than a handful of charities, the British Muslim charity sector has now blossomed into at least one hundred international non-governmental organisations. What our sector has become and has achieved is worthy and deserving of celebration – it would not have been possible without the grace of God and the endless hard work and dedication of so many.

At the MCF we dedicate ourselves to enabling and supporting the sector in to becoming the best version of itself: to model what it means to be an effective, accountable and unified sector. Many of the struggles our world faces need immediate action – climate change is a particularly poignant example.

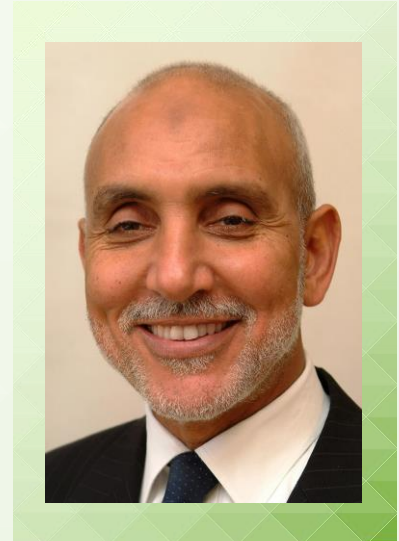
We are all acutely aware that if we do not begin to make adequate changes, including within our own sector, to embody sustainability in our work, the reality of our negligence could be devastatingly irreversible. The climate does not care for our differences of opinions. We must look more long term – and we must, faced with our collective challenges, work together for the greater good.

We have had a very busy year building on our strategic goals and delivering workshops, events and producing resources to help our members to network, discuss ideas and issues and develop their capacity and effectiveness. Centering our values of humanity, accountability, transparency, effectiveness and excellence, we partnered and worked with several different stakeholders to maximise impact and engagement, helping to bridge gaps and foster collaboration across different political, cultural and religious lines.

The research MCF has conducted this year has helped to build a foundation of understanding about the sector which had not been previously developed, thus inspiring us to pursue a mapping of the sector in the future as a central part of the work we do. Furthermore, our Safeguarding and Sustainable Development Goals workshops highlighted the power of having a space for important discussions within the sector and highlighting problems and offering solutions to help us reflect, grow and move forward. Other events such as our 'Beyond Duty' Annual Talk presented an opportunity to be inspired by the moving personal stories of Lord Alf Dubs and Neil Jameson, providing a positive framework for our members to develop a sense of duty and purpose in their own work.

The need for MCF as a network of Muslim charities in the UK has become increasingly clear. As a body, we help to empower our members in working more collaboratively and in adopting certain standards and sustainability goals. We know that collaboration works and that when charities come together to find solutions, initiate discussions and innovate ways to address the root causes of poverty, meaningful change happens. To have a network solely dedicated to developing the space and resources for such collaboration to take place is a blessing – but with further strategic investment, MCF would be even better placed to carry out the vital work that needs to be done. We know what our sector needs, we know and have demonstrated what our sector as a collective can do – what we need now is to recognise where we need to be in the long-term.

For the future of the British Muslim Charity Sector to be bright, we need to take the time now to ensure we invest in it.



**Dr Hany El-Banna OBE**

*Chair of Trustees*



**Fadi Itani**

*Chief Executive Officer*

## OUR VISION

To see British Muslim charities making the biggest difference they can towards a more just and sustainable world.

## OUR MISSION

To enable British Muslim charities to become more effective and reach their full potential.

## OUR VALUES

Our diverse members are united by a collective set of values, rooted in our shared faith of Islam, which are:

HUMANITY



ACCOUNTABILITY



TRANSPARENCY



EFFECTIVENESS



EXCELLENCE



## Thank you to our members



## Thank you to our partners - who helped make this a successful year





## SUPPORT

We support MCF members and their staff by providing a set of services to enhance their capabilities and help them to respond to a rapidly evolving environment so that they can strengthen their accountability to stakeholders, improve their efficiency and have greater impact.



## CONNECT

Networks are among the most powerful assets of MCF and its members: as a source of knowledge, experience and skills, they enable debating issues, sharing knowledge, mobilising resources and delivering impact.



## REPRESENT

In an increasingly challenging operating environment, it is important for British Muslim charities to develop and project a data-driven, self-confident, collective voice, one that is heard and genuine.

## MCF Safeguarding Workshop

After reports of unacceptable sexual misconduct by staff working for UK-based international NGOs, we recognised the importance of asking difficult questions about the sector's governance and leadership around safeguarding.

Through our Safeguarding workshop on the 30th May 2018, we highlighted that safeguarding should be an absolute priority for any NGO: not only in terms of policies and practices, but also in terms of organisational culture. This workshop brought together a range of expert speakers to discuss the different dimensions and challenges related to improving safeguarding standards. The specialist speakers boasted expertise from a range of backgrounds helping to contribute to a more complex and detailed discussion about how Muslim NGOs can tackle safeguarding issues within their own organisations.

The event included a range of specialist speakers including: Dr Angela Crack (University of Portsmouth), Elanor Jackson (specialist in women's and girls' rights & gender equality), Sarah Mistry (Bond), Kristiana Wrixon (ACEVO), Michelle Russell (Charity Commission), Dr Stuart Gordon (LSE)

The workshop enabled attendees to understand the regulatory framework, become aware of risk factors and proposed policy solutions, identify the steps required to build and strengthen organisation's safeguarding culture and capacity and recognise what good leadership looks like in regard to safeguarding.



## MCF 2018 Annual Talk: 'Beyond Duty'

Our Annual Talk on the 12th December 2018 gave us a strong and moving vision to enter into 2019. The theme of hope, the necessity of being vocal and steadfast against injustice and inequality and ensuring the Muslim charity sector's place at the table of important and impactful discussions, all shaped the discourse of the evening.

We had the immense pleasure of being joined by Lord Alf Dubs and Neil Jameson CBE, who both spoke passionately about their stories, their impact, and the sense of duty that drove them to go beyond what was expected of them.



We were also thankful to have the support of haysmacintyre who hosted our event in Central London.

The event saw the participation of representatives from a wide variety of organisations:

- CEOs of leading Muslim international NGOs
- the Interim CEO for Bond (the UK's network of International Development NGOs)
- the Charity Commission (the regulatory body for UK Charities)
- the Independent Commission for Aid Impact
- Muslim professional networks
- charity executive experts
- small-charities and interfaith networks
- chartered accountants and law firms.

Two of the key values that MCF works to strengthen in the Muslim charity sector are humanity and excellence. The Annual Talk's guest speakers have a long history of upholding these very values. To acknowledge their contributions, their dedication and their experiences, the MCF awarded Lord Dubs and Mr Jameson with a frame with the famous passage from the Quran 5:2 "whosoever saved a life it is as if they have saved all of mankind", for their service to humanity and communities respectively.



## Measuring Impact and Progressive Change Workshop

On the 7th March 2019, MCF held a workshop-style event hosted by Grant Thornton discussing the importance of measuring change within charities and the impact of the SDGs.

This workshop was designed to inspire attendees to learn and share some new ideas on how to measure impact with a presentation from Grant Thornton. They considered how to achieve progressive change with Dr Duncan Green (Oxfam Strategic Advisor and LSE Professor) and work within the framework of the SDGs with Dr Carl Wright (UNA-UK Trustee).

James Kirkland and Paul Rao from Grant Thornton presented the key areas charities should be focusing on to measure the impact they are making, particularly at a time when there is increasing scrutiny from donors, Governments, funding regulators, as well as the general public. All of whom are asking "how effectively are charity funds being spent?".

The workshop stimulated an intriguing discussion regarding the ways in which charities can ensure they are delivering meaningful change with the right tools in place.

Dr Carl Wright reminded attendees to use the SDG's targets as a framework to measure the impact of their programmes. Dr Duncan Green spoke about the power of relationships stating that 'power is the underlying force-field of development' therefore recognising where power lies and utilising this power to influence change will create better impact.



## MCF's Sector Research

Developing MCF's research capacity has been a fundamental part of our growth this year, and we are immensely proud of the work that has been conducted by the MCF team and those who have supported and worked with us.

The following items have been fundamental to our sector research this year:



### Mapping the history of the Muslim charity sector in the UK

This research will go further in telling the story of Muslims in Britain, and the true extent of the charitable contributions of the Muslim community to international development and social good.

### Zakat Research

We have conducted Zakat Research which offered major contributions to data collection and insight into issues for Muslim charities.

This research has also supported the development of 'The Forum', the journal of the British Muslim charity sector to shed academic light and provide a platform to develop discourse on the Muslim charity sector through obtaining research and written work by academics and other important contributors to be delivered in Summer 2019.

### CAPACITY BUILDING

Delivering specialist training to our sector through research, holding panel discussions, developing training access and offering discounted training.



The preliminary results from our Zakat research has been reported to MCF Trustees and members

Discussions with NCVO for MCF members to complete PQASSO training

Invitation to All Ways Network bid writing training and access to funders

### CRISIS MANAGEMENT

Supporting members in coping with a range of crises, e.g. safeguarding issues in the sector, unethical digital marketing tactics and bank de-risking impact.



Safeguarding workshop with LSE, supported by the Charity Commission.

Safeguarding toolkit development

Digital marketing ethical guidelines for members

Bank de-risking research, collection of case studies to be included in a final report.

### ADVOCACY

Supporting members in influencing policy collectively to inform Government on issues affecting British Muslim charities at home and abroad



Met with DfID and members of the House of Lords (e.g. Lord Sheikh, Baroness Uddin and Lord Dubs).

Engagements with the House of Commons (incl. Andrew Mitchell MP, Stephen Twigg and members of the International Development Committee).

Led on a joint statement with Muslim Climate Action on Climate Change Action Week

### BUILDING FUTURE LEADERS

Recognising the need to prepare for the future of the sector and help provide skilled, passionate and engaged people to take up future positions.



MCF's Future Leaders Programme has had 7 placements of Undergraduates and Masters students from SOAS, LSE, Kingston and East Anglia, helping to train and develop the next generation of skilled aid workers for the sector

## BEING ON THE GROUND

We recognise the importance of face-to-face contact as central to understanding the needs of our members and ongoing issues felt within the sector. As such, we have been working to establish more on-the-ground connections.



MCF's Chief Executive's UK tour informed work plans, following important discussions with members to hear their needs

MCF's team has attended more than 100 engagements including events, meetings, conferences and consultations to better connect with members and supporters

## HOLDING EVENTS

Holding events to help offer specialist opinions and give space for networking amongst members and with other organisations and individuals.



Annual Talk event with Neil Jameson and Lord Dubs.

Safeguarding Workshop with speakers from Grant Thornton, Dr Duncan Green-Oxfam GB and Dr Carl Wright UNA-UK.

## DEVELOPING COLLABORATIVE PROGRAMMES

Where possible, we will encourage charities to work together, bringing specialist speakers to advise on areas of focus such as West Africa or Middle East.



Identifying long term projects for sustainable outcomes.

Parliamentary briefing with Shadow International Development Secretary Dan Carden MP.

Round-table discussion with Zainab Hawa (West Africa specialist) organised by MCF member Muslim Aid

## COLLECTING DATA

Collecting quantitative and qualitative data to establish a clear picture of the sector.



Our Zakat research and Sector research offered major contributions to data collection and insight into issues for Muslim charities

This has supported our development of the 'The Forum', the first ever journal of the British Muslim charity sector, launching Summer 2019

Data is being collected on Muslim giving in Ramadan and orphan sponsorship

## SHOWCASING GREAT WORK

Showcasing and highlighting the great work delivered by our members and the Muslim community and charity sector through social media stories, events, media interviews and collaborations



Members campaigns and activities have been pushed through our social media platforms, sharing their content and job opportunities, as well as showcasing activity through the MCF website

Articles published highlighting sector issues in Civil Society, Institute of Fundraising and Huffington Post

## COLLABORATION

MCF helps represent the sector by offering a collective voice for our members. We organise working groups to facilitate discussions amongst members on issues and challenges in order to inform our advocacy and policy work



MCF working groups include: International and UK Programmes, Zakat and Communications

Future working groups will include: Finance, Fundraising, Crisis Communications and more

## BRIDGING THE GAP

MCF takes a central role in offering a platform and representing challenging topics or issues of concern in the sector. By occupying a position of both independence from the sector and direct involvement within it, we are best placed to provide this platform



Our 'Give Smart, Give Safe' campaign tackled the lack of understanding surrounding safe giving within the Muslim community

Expanding our representation



When we think about the future and the potential of British Muslim charities, we see ourselves at the forefront in providing a truly connected sector that places, at its core, the values of humanity, accountability, transparency, effectiveness and excellence.

## 1

## Growing Our Family

Fundamental to our future aspirations for the coming year is the expansion of the MCF family. We believe that to effectively represent the Muslim charity sector, and the wider Muslim community in the UK, working collectively and collaborating together will ensure we represent the community for better progress and real dynamic change.

We hope to see MCF as the platform for engaging and instigating innovative discussions between our members - a place where the strongest minds in our sector come together to solve dilemmas and think up new strategies to most effectively support and impact those who we work to serve. Through expanding our membership, we can, over time, become a stronger sector united in doing and promoting good.

## 2

## Encouraging Closer Co-Operation Between Charities Where Appropriate

With the growth of the MCF family also comes the need to work together more. Healthy competition is a brilliant thing, it helps us grow and develop, however, where appropriate, we can have a greater impact through collaboration and co-operation.

MCF seeks to be the glue that helps organisations and members work together, whether it is pooling their resources for specific aims and projects or sharing their expertise with each other.

## 3

## Being a More Effective Advocate in Public Circles

In the next year, we seek to develop into being a more effective advocate within public circles through engaging with relevant organisations and individuals and through developing relevant resources to most effectively respond and partake in advocacy issues.

## 4

## Developing a Clearer Understanding of Ways to Improve Impact Within the Sector

Research is fundamental to our work at MCF and is a necessity in order to both improve and develop the sector. That's why, moving forward, MCF seeks to develop a clearer understanding of ways to improve the sector's impact and this rests on the utilisation and continuation of research and collection of data.



Muslim Charities Forum received donations, grants and other income worth £158,000 compared to £136,514 in 2017/18. At the end of the fiscal year 2018/19 we brought forward a positive bank balance of £140,829. The statement of Financial Activities portrays that Muslim Charities Forum spent £157,387 on charitable activities.

## Reserves Policy

It is the policy of MCF that unrestricted funds which have not been designated for a specific use should be maintained at a level which will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. It is also the MCF policy to hold sufficient funds, currently three months for administrative expenditures, or currently at £30,000, for closure of the charity should the need arise.

## Risk management

The trustees continue to assess the major risks to which MCF is exposed to and are satisfied that systems are in place to mitigate the exposure to major risks.

The biggest risk facing the charity is fundraising. The charity relies wholly on its members for funding and does not follow the traditional street fundraising scenario. The trustees have discussed this in almost every meeting as well as at the AGM and recommended an increase in members as well as seeking core funding from trusts and foundations as well as exploring support from philanthropists with a keen interest in developing the Muslim charity sector. MCF has communicated with more than thirty potential members and has rolled out a simplified membership application process. Foundations are being explored as well as increasing MCF's relationships with other stakeholders.

## Exclusively Charitable Activities

The members come from a wide spectrum of social and charitable backgrounds. The organisations and NGOs who benefit from the implementation of the aims of the Forum are diverse. Not all of their activities might be regarded as "exclusively charitable" as defined by English law. The Board of Trustees assists NGOs whose aims and activities are not all entirely "exclusively charitable", and that they make it clear at the outset that they are only supporting those activities which are "exclusively charitable" as defined by English law. References to NGOs in this Report should be read with the understanding that the Board of Trustees and members of the Steering Committee are fully aware of this requirement.

## Public Benefit

As a charity, Muslim Charities Forum must be able to demonstrate that its objects and activities are for the public benefit as required by the Charities Act 2011. The Trustees have all reviewed the guidance issued by the Charity Commission on public benefit and have ensured that Muslim Charities Forum's objects and activities comply with this statutory requirement. The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. This Report explains our main activities and achievements in carrying out our aims.

## Governance and internal control

The systems of internal control are designed to provide reasonable assurance against material mis-statement or loss. They include:

1. a strategic plan and an annual budget approved by the Board of Trustees;
2. regular consideration by the Board of Trustees of financial results, variance from budgets, non-financial indicators and benchmarking reviews;
3. delegation of authority and segregation of duties;
4. monthly review of the financial ledgers;
5. identification and management of risks (to the extent possible in an organisation of this size).

### Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' 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 England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

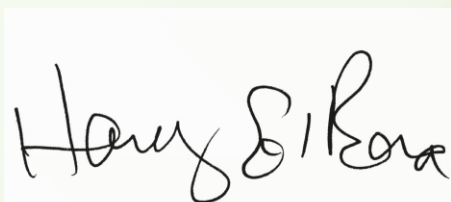
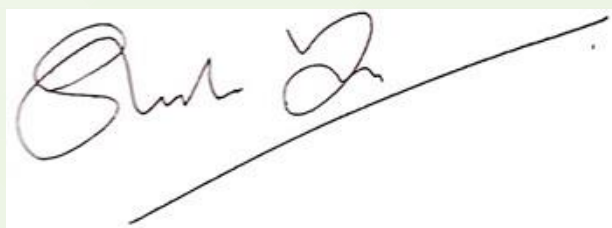
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed 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 enable them to ensure that the financial statements comply with the Charities Act 2011, and the provisions of the trust deed. 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.

Approved by the Board of Trustees and signed on their behalf:

Dr Hany Abdul Gawad ElBanna OBE  
Chairman

Shuaib Yusaf  
Treasurer

A handwritten signature in black ink, appearing to read 'Hany ElBanna', written in a cursive style.A handwritten signature in black ink, appearing to read 'Shuaib Yusaf', written in a cursive style with a long horizontal line extending from the end.

## Independent Examiner's Report to the Trustees of Muslim Charities Forum

I report to the charity Trustees on my examination of the accounts of Muslim Charities Forum for the year ended 31 March 2019 which are set out on pages 15 to 16.

### Respective responsibilities of trustees and examiner

The trustees are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the 2011 Act"). The trustees are satisfied that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and have chosen instead to have an independent examination.

I report in respect of my examination of the Trust's accounts as carried out under section 44 (1) (c) of the 2005 Act and section 145 of the 2011 Act. In carrying out my examination I have followed the requirements of the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### Independent examiner's statement

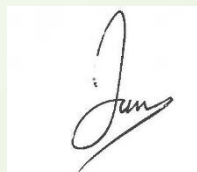
I have completed my examination. I confirm that no matters have come to my attention giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:  
Murtaza Jessa FCA

Dated: 16/01/2020



# STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
	Note				
INCOME FROM:					
Donations and legacies	2	158, 500	_____	158, 500	136, 514
TOTAL INCOME:		158, 500	_____	158, 500	136, 514
EXPENDITURE ON:					
Charitable activities	3	157, 387	_____	157, 387	131, 975
TOTAL EXPENDITURE:		157, 387	_____	157, 387	131, 975
NET BEFORE OTHER RECOGNISED GAINS AND LOSSES:		1, 113	_____	1, 113	4,539
NET MOVEMENT IN FUNDS:		1, 113	_____	1, 113	4,539
RECONCILIATION OF FUNDS:					
Total funds brought forward		95, 840	43, 876	139, 716	135, 177
TOTAL FUNDS CARRIED FORWARD:		96, 953	43, 876	140, 829	139, 716

The notes on pages 17 to 25 form part of these financial statements.

	Note	£	2019 £	£	2018 £
<b>FIXED ASSETS</b>					
Tangible assets	8		354		378
<b>CURRENT ASSETS</b>					
Debtors	9	33,250			
Cash at bank and in hand		<u>113,720</u>		<u>146,847</u>	
		146,970		146,847	
<b>CREDITORS: amounts falling due within one year</b>	10	(6,495)		(7,509)	
<b>NET CURRENT ASSETS</b>			140,475		139,338
<b>NET ASSETS</b>			140,829		139,716
<b>CHARITY FUNDS</b>					
Restricted funds	11		43,876		43,876
Unrestricted funds	11		96,953		95,840
<b>TOTAL FUNDS</b>			140,829		139,716

The financial statements were approved by the Trustees on 10/12/2019 and signed on their behalf, by:

Dr Hany Abdul Gawad El-Banna OBE Chairman



The notes on pages 17 to 25 form part of these financial statements.



## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Muslim Charities Forum constitutes a public benefit entity as defined by FRS 102.

### 1.2 Income

All income is recognised once 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' Report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **1.3 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

### **1.4 Tangible fixed assets and depreciation**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- ◊ Fixtures and fittings - 25% on net book value
- ◊ Computer equipment - 33% on net book value

### **1.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

### **1.6 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### **1.7 Cash at Bank and in hand**

Cash at bank and 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 of the deposit or similar account.

## 1. ACCOUNTING POLICIES (CONTINUED)

## 1.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## 1.9 Financial instruments

The charity only has financial assets and financial 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## 1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

## 2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	_____	_____	_____	13, 014
Membership income	158, 500	_____	158, 500	123, 500
Total donations and legacies	158, 500	_____	158, 500	136, 514
Total 2018	130, 867	5, 647	136, 514	

**3. DIRECT COSTS - CURRENT YEAR**

	Governance £	Activities £	Total 2019 £	Total 2018 £
Wages, salaries & social security	—	111,114	111,114	72,157
Depreciation	—	177	177	189
Sundries	—	6	6	51
Travel and subsistence	—	722	722	2,084
Bank charges	—	190	190	199
Membership fees	—	408	408	196
Staff training & recruitment	—	—	—	582
Rent, insurance & utilities	—	18,799	18,799	15,432
Telephone, email & fax	—	14	14	17
Printing, postage & stationary	—	2,208	2,208	550
Meeting expenses	—	1,112	1,112	1,025
Professional & legal	3,050	15,927	18,977	28,341
Project expenses	—	1,711	1,711	3,779
IT Website	—	1,949	1,949	1,726
Annual Humanitarian Awards	—	—	—	5,647
	3,050	154,337	157,387	131,975

**DIRECT COSTS - PRIOR YEAR**

	Governance £	Activities £	Total 2018 £
Wages, salaries & social security	—	72,157	72,157
Depreciation	—	189	189
Sundries	—	51	51
Travel and subsistence	—	2,084	2,084
Bank charges	—	199	199
Membership fees	—	196	196
Staff training & recruitment	—	582	582
Rent, insurance & utilities	—	15,432	15,432
Telephone, email & fax	—	17	17
Printing, postage & stationary	—	550	550
Meeting expenses	—	1,025	1,025
Professional & legal	3,390	24,951	28,341
Project expenses	—	3,779	3,779
IT Website	—	1,726	1,726
Annual Humanitarian Awards	—	5,647	5,647
	3,390	128,585	131,975

## 4. GOVERNANCE COSTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Independent Examiner's fees	3, 050	—	3, 050	2,825

## 5. NET INCOME/(EXPENDITURE)

This is stated after charging:

			Total funds 2019 £	Total funds 2018 £
Depreciation of tangible fixed assets: - owned by the charity			277	189

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

## 6. EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2,825 (2018 - £2,825)

## 7. STAFF COSTS

The average number of persons employed by the charity during the year was as follows:

	2019 No.	2018 No.
Charitable activities	3	3

One employee received remuneration amounting to between £70,000 and £80,000 in the year (2018: no employees received remuneration amounting to more than £60,000).

The Chief Executive Officer is considered the key staff for the charity - the total emoluments for key staff in 2019 were £73,547. In 2018, the Director of Operations was considered the key staff for the charity – the total emoluments in 2018 were £40,750.



## 8. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2018	1, 816	9, 195	11, 011
Additions	154		154
At 31 March 2019	<u>1, 970</u>	<u>9, 195</u>	<u>11, 165</u>
<b>Depreciation</b>			
At 1 April 2018	1, 816	8, 817	10, 633
Charge for the year	52	126	178
At 31 March 2019	<u>1, 8 6 8</u>	<u>8, 943</u>	<u>10, 811</u>
<b>Net book value</b>			
At 31 March 2019	<u>102</u>	<u>252</u>	<u>354</u>
At 31 March 2018		378	378

## 9. DEBTORS

	2019 £	2018 £
Trade debtors	<u>33, 250</u>	—

## 10. CREDITORS

	2019 £	2018 £
Trade creditors	—	1, 249
Other taxation and social security	3, 595	3, 020
Accruals and deferred income	2, 900	3, 240
	<u>6, 495</u>	<u>7, 509</u>

## 11. STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2019 £	Income £	Expenditure £	Balance at 31 March 2019 £
Unrestricted funds				
General Funds - All funds	95,840	158,500	(157,387)	96,953
Restricted funds				
SAKHAA Grant	43,876	—	—	43,876
Total of funds	139,716	158,500	(157,387)	140,829

## Description of Funds -

SAKHAA Grant: is a restricted donation to provide relief projects all across the Horn of Africa and in particular for Somalia and for building the capacity of smaller charities directly involved in the delivery of relief projects.

## STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
Unrestricted funds				
General Funds - All funds	88,623	130,867	(123,650)	95,840
Restricted funds				
SAKHAA Grant	46,554	—	(2,678)	43,876
Humanitarian Award Ceremony	—	5,647	(5,647)	—
	46,554	5,647	(8,352)	43,876
Total of funds	135,177	136,514	(131,975)	139,716

11. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Balance at 31 March 2019 £
General Funds	95,840	158,500	(157,387)	96,953
Restricted funds	43,876	—	—	43,876
	<u>139,716</u>	<u>158,500</u>	<u>(157,387)</u>	<u>140,829</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
General Funds	88,623	130,867	(123,650)	95,840
Restricted funds	46,554	5,647	(8,325)	43,876
	<u>135,177</u>	<u>136,514</u>	<u>(131,975)</u>	<u>139,716</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	354	—	354
Current assets	103,094	43,876	146,970
Creditors due within one year	(6,495)	—	(6,495)
	<u>96,953</u>	<u>43,876</u>	<u>140,829</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	378	—	378
Current assets	102,971	43,876	146,847
Creditors due within one year	(7,509)	—	(7,509)
	<u>95,840</u>	<u>43,876</u>	<u>139,716</u>

## 13. OPERATING LEASE COMMITMENTS

At 31 March 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts Payable:		
Within 1 year	—	17,000

## 14. RELATED PARTY TRANSACTIONS

	Received £	Paid £	Balance at year end £
Zakat House	—	17,823	—
Human Appeal	7,000	—	18,000
Islamic Relief UK	25,000	—	—
Muslim Hands	10,000	—	15,000
The World Federation	25,000	—	—
Al Khair Foundation	25,000	—	—

The charity has received funds or made payment to other organisations where the Trustees have involvement as follows:

Zakat House - Dr. Hany El Banna is a trustee.

Human Appeal – Mr Elfatih Ibrahim was interim Chief Executive.

Islamic Relief UK - Mr Tufail Hussain is the UK Director.

Muslim Hands - Syed Lakthe Hassanain is the Chairman.

TheWorld Federation - Shan-e-Abbas Sadik Hassanali Hassam is the Secretary General.

Al-Khair Foundation - Mr Shuaib Yusaf is the Chief Executive.

**Trustees**

Dr Hany Abdul Gawad El Banna OBE

Syed Lakthe Hassanain

Dr. Othman Moqbel (resigned 14 May 2018)

Shuaib Yusaf

Tufail Hussain Khan

Shan-e-Abbas Sadik Hassanali Hassam

**Charity registered number**

1166149

**Principal office**

6 Whitehorse Mews  
37 Westminster Bridge Road  
London  
London  
SE1 7QD

**Chief Executive Officer**

Fadi El Itani

**Accountants and Independent Examiners**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

**Bankers**

HSBC Bank plc  
130 New Street  
Birmingham  
B2 4JU

Unity Trust Bank  
9 Brindleyplace  
Birmingham  
B1 2HB

**Solicitors**

Bates Wells Braithwaite  
10 Queen Street Place  
London  
EC4R 1BE





Muslim Charities Forum

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Registered Charity No. 1166149