

Charity number: 1126638



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

MUSLIM CHARITIES FORUM

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MUSLIM CHARITIES FORUM

**ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016**

Trustees

Dr Hany Abdul Gawad El-Banna OBE
Syed Lakthe Hassanain
Jehangir Malik, OBE (resigned 18 November 2015)
Dr. Othman Moqbel
Imran Madden (appointed 18 November 2015)

Charity registered number

1126638

Principal office

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

Operations Manager

Omayma El Ella

Senior management team

Saadia Mahmood, Program Manager
Max Manzoor Wahid, Financial Management Consultant

Accountants

Murtaza Jessa, 26 Red Lion Square, London, WC1R 4AG

Bankers

HSBC Bank pic, 12 Calthorpe Road, Birmingham, B15 1QZ

Solicitors

Bates Wells Braithwaite, 10 Queen Street Place, London, EC4R 1BE

MUSLIM CHARITIES FORUM

**CHAIRMAN'S FOREWARD
FOR THE YEAR ENDED 31 MARCH 2016**

The chairman presents his statement for the period.

Dear Readers

As we bid farewell to another year of progress and development for the Muslim Charities Forum, I am delighted to report on the achievements of the forum over the past year. It has been a challenging but rewarding year for the MCF.

We have made incredible strides as an organisation with our most senior ever delegation to Turkey to advocate on the ongoing refugee crisis, began the process of admitting new members, and transferred MCF into a Charitable Incorporated Organisation.

Despite the several challenges which face MCF, we have stood firm in our resolve against those who unfairly malign the work of Muslim charities, and continue to support the sector to reach high standards of professionalism and best practice.

With the World Humanitarian Summit gracing us in May 2016, the humanitarian community around the world will come together to discuss humanitarian reform. MCF will be part of that summit, and ensure that the voice of our members are heard, their contributions recognised, and that they themselves affirm their commitments to bettering humanitarian assistance.

I look forward to a bright future for the forum, with an expanded membership and dedicated team that will take us into our next stage of growth and development.

Yours sincerely,


Name Dr Hany El-Banna OBE
Chairman

Date 10 October 2016

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Operation's Manager Summary

Over the past year, the Muslim Charities Forum has been going through an exciting period of becoming a Charitable Incorporated Organisation, establishing new relationships and partnerships, boosting its advocacy efforts, and expanding its membership.

This reporting period has been a defining one for the organisation. We have opened up membership, established crucial partnerships with the UN, and led senior level delegations to Turkey and Lebanon. We have also gone through many challenges, striving to grow the organisation and make it a voice for the Muslim charity sector in an increasingly hostile, competitive, and sometimes apathetic environment. In September last year, we held a Labour Party conference side event on Muslim charities and their contribution to civil society.

Our highlights this year encompass both our advocacy and capacity building efforts. Our delegation saw us take two former Secretaries of State for International Development to Turkey to witness first-hand the plight of Syrian refugees and the response of British Muslim charities. Our advocacy efforts also included giving evidence on counter-terrorism policies and their impact on Muslim charities, to both Conservative and Labour led commissions. We've also facilitated essential training to our members on negotiating humanitarian access in armed conflict, and mainstreaming age, gender and disability sensitivity into humanitarian and development programmes.

I hope you will enjoy reading this report.

Best wishes



Omayma El Ella
Operations' Manager

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

The Board of Trustees present their report and accounts for the year ended 31 March 2016.

Accounts

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice SORP 2015 (FRS102) and the Charities Act 2011.

Founding Organisations

Human Appeal International
Islamic Relief
Muslim Aid
Muslim Hands

Vision

Our vision is to see Muslim INGOs become recognised as sector leaders; to cooperate with each other and external stakeholders whilst continuing to improve people's lives across the world.

Mission

Our mission is to establish a healthy, accountable, effective and professional Muslim charitable sector in the UK through good governance, conducting research, forming partnerships, enhancing cooperation, capacity building, and sharing experiences and ideas

Activities

To achieve our mission, we work across three key areas: advocacy and communication, research and development, and capacity building.

Advocacy and Communications

Through advocacy, we have been able to represent and promote the views of the sector. The past year has seen the MCF focus on many different issues and be part of several initiatives including:

- Two delegations to Lebanon and Turkey
- Two Party conference side events
- Evidence given to Labour and Conservative led commissions on Muslims and government policy
- Muslim civil society visit to Brussels
- Safer Giving campaign with the Charity Commission

Case Study: MCF Turkey Delegation with Andrew Mitchell MP and Clare Short

The MCF, along with Islamic Relief and Human Appeal, led a joint delegation to southern Turkey with two former Secretaries of State for International Development: Andrew Mitchell MP and Clare Short.

The delegation met and spoke to the Turkish Red Crescent, leaders of Syrian civil society groups, United Nations representatives, and Syrian refugees to gain a greater understanding of the challenges facing refugees. The delegation also met with the field teams of Islamic Relief and Human Appeal to hear and see the great work being undertaken by British Muslim charities responding to the Syrian crisis. The visit led to considerable mainstream media coverage, as well as a parliamentary press conference and importantly, both former Secretaries gave evidence to the International Development Select Committee on the impact of counter-terrorism measures affecting the delivery of aid into Syria.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Capacity Building

Our training over the past year focused on issues which affect charities on a practical level, especially in the field. We have continued delivering workshops with the International Committee of the Red Cross (ICRC) as well as our compliance workshops with the Charity Commission.

- Negotiating Humanitarian Access in Armed Conflict (with Conflict Dynamics)
- International Humanitarian Law and Islamic Law (with ICRC)
- Working in high-risk areas- trustee duties and regulatory expectations (with Charity Commission)
- Gender, Age, and Disability Training (with Islamic Relief)
- Climate Change and Sustainable Development Goals workshop (with Islamic Relief & Muslim Climate Action)

Case Study: Negotiating Humanitarian Access in Armed Conflict Workshop

Hosted at the Islamic Relief Academy, Conflict Dynamics International ran a two day workshop attended by over 20 participants from across our membership. The workshop looked at the foundations and principles of humanitarian access, and how those inform negotiating techniques in complex and securitised environments. The two day workshop was intense, highly stimulating, and much needed as most MCF members operate in such difficult areas. We hope to run similar workshops in the future.

Partnerships

MCF has continued building relationships with a range of organisations to deliver advice and services to the sector as well as enhancing links to promote the sector overseas. The past year has seen MCF build partnerships with wider NGOs and membership bodies including:

- ACEVO
- PaRD International Partnership on Religion and Sustainable Development
- UN Interagency Task Force on Religious Engagement
- Muslim Climate Action
- International Committee of the Red Cross

Case Study: United Nations Interagency Taskforce on Religious Engagement

MCF has been gradually building its relationship with the United Nations Interagency Task Force on Religious Engagement over the past year. Azza Karam who leads the Task Force, has been a great friend to the MCF in pushing for its involvement at the UN level as a voice for Muslim humanitarian charities.

This relationship yielded important inclusions for the MCF on the advisory group for the World Humanitarian Summit, and participation in meetings and conferences arranged by the World Bank, the German government, and the UN. The MCF participated earlier this year in a high-level UN meeting on religious humanitarian resourcing where we laid out, to the Under-Secretary-General for Humanitarian Affairs, the challenges facing Muslim charities in delivering aid. Our engagement with the task-force also led to the opportunity for us to contribute to the outcome document for the World Humanitarian Summit, on the commitments of faith-based organisations to humanitarian action.

In addition, through this interaction, MCF has also established a link with the German government led initiative "PaRD: International Partnership on Religion and Sustainable Development, that seeks to promote international faith-based humanitarian collaboration, partnership, and information sharing. MCF is proud to have cultivated these relationships, which signify and solidify its position as a voice for Muslim charities.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Events

This past year has been a strong year for MCF with several events to advocate and promote the work of the sector. These events have included:

- Labour and Conservative party conference side events
- Muslim civil society visit to the European Commission
- CEO lunch at the Overseas Development Institute
- Post Turkey visit press conference and parliamentary debriefing
- Post Somaliland visit press conference and parliamentary debriefing

Case Study: CEO Lunch at the Overseas Development Institute

The Muslim Charities Forum arranged its annual CEOs Networking lunch on the theme of the Changing Landscape of Humanitarian Relief and Development and the Role of Faith-based NGOs in February this year. The lunch was attended by representatives of more than 20 faith-based and secular INGOs, and the panel included: Diane Abbott MP, Shadow Sec. Of State for International Development, Ambassador Hesham Youssef, Assistant Secretary General for Humanitarian Affairs at the Organization of Islamic Cooperation, and Sara Pantuliano, Director of Humanitarian Programmes, ODI.

The panellists and guests all spoke about the challenges that the international banking system is posing to the humanitarian work of INGOs, and Islamophobic media, a lack of diversity in the composition of Boards and workforces and a shortage of funds for research and advocacy. There was agreement that all of these challenges (except Islamophobia) are not exclusive to faith-based organisations so there is potential for collaboration amongst Muslim NGOs and other faith-based organisations as well as secular NGOs.

Opportunities such as these are important for the work of MCF as they allow us to not only discuss key issues amongst the Muslim charity sector but also helps us to take a united message to the wider charity sector, policy makers and beyond. Additionally, this event highlighted that MCF is the only umbrella body for Muslim charities and is working with charities and other stakeholders to strengthen the Muslim charity sector and unite it for the benefit of beneficiaries and civil society and led to commitments of support from the present NGOs, the ODI and Diane Abbott MP.

Looking forward to 2017-2018

The next year is a period of continued transformation for the MCF, with the impending appointment of some new faces to the Board and a new Executive Director. We are also excited for the set-up of two working groups on Finance and Compliance as well as Orphan Sponsorship standards, and the start of an extensive report on the British Muslim charitable sector, covering its vast contributions and governance practices.

We will continue to expand our membership, build new partnerships, provide training, and be a voice for the sector championing its achievements and advocating on its challenges.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL REVIEW

Fundraising remained challenging for Muslim Charities Forum. The Company received donations, grants and other income worth £175,102 compared to £309,621 in 2014/15. £0 of the total income received in 2015/16 constitutes restricted grants and this translates to approximately 0% of our total income compared to £108,022 or 35% in 2014/15. At the end of the fiscal year 2015/16 we brought forward a positive bank balance of £148,067

In accordance with SORP, support costs have been allocated between charitable activities and fundraising. The statement of Financial Activities portrays that Muslim Charities Forum spent £241,539 or 98.3% of its total expenditures on charitable activities, £915 or 0.3% on fund raising and £3,390 or 1.4% on governance 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 at three months for administrative expenditures, or approximately £30,000, for closure of the charity should the need arise.

Risk management

The trustees are assessing the major risks to which MCF is exposed too and are satisfying themselves that systems are in place to mitigate exposure to major risks.

The MCF Operations Manager has started work on a risk management analysis and is expected to present this to the Board during the AGM expected for October 2016. The biggest risk facing the charity is fundraising. This has become very difficult in the past 2 years given that the charity receives its funding mainly from its members who in turn are finding it difficult to raise their own funds. The MCF relies wholly on its members for funding and does not follow the traditional street fundraising scenario. The AGM will discuss this in more detail and how to deal with this issue moving forward.

Exclusively Charitable Activities

The members come from a wide spectrum of social and charitable mores and backgrounds. The organizations 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.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2016

Governance and internal control

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

- a strategic plan and an annual budget approved by the Board of Trustees;
- regular consideration by the Board of Trustees of financial results, variance from budgets, non-financial indicators and bench working reviews;
- delegation of authority and segregation of duties;
- Monthly review of the financial ledgers;
- Identification and management of risks (to the extent possible in an organisation of this size).

STATEMENT OF TRUSTEES' REPOSIBILITIES

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.

In so far as we are aware:

- There is no relevant audit information of which the charity's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Examiners

Haysmacintyre were appointed Examiners to the charity and a resolution proposing that they be re-appointed will be put to the Board of Trustees.

Approved by the Board of Trustees and signed on their behalf on 10 October 2016:

Dr Hany Abdul Gawad El-Banna OBE Chairman



Dr. Othman Moqbel Treasurer



MUSLIM CHARITIES FORUM

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

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

I report on the financial statements of the charity for the year ended 31 March 2016 which are set out on pages 10 to 21.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Respective Responsibilities of Trustees and Examiner

The charity's Trustees are responsible for the preparation of the financial statements, and they consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the Act; and
 - to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the Acthave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed:



Murtaza Jessa FCA

Dated: 10 October 2016

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

MUSLIM CHARITIES FORUM

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and capital grants	2	175,102	-	175,102	309,621
TOTAL INCOME		<u>175,102</u>	<u>-</u>	<u>175,102</u>	<u>309,621</u>
EXPENDITURE ON:					
Raising funds		915	-	915	18,328
Charitable activities	3,4	195,961	48,968	244,929	254,047
TOTAL EXPENDITURE	5	<u>196,876</u>	<u>48,968</u>	<u>245,844</u>	<u>272,375</u>
NET INCOME / (EXPENDITURE) AND MOVEMENT IN FUNDS		<u>(21,774)</u>	<u>(48,968)</u>	<u>(70,742)</u>	<u>37,246</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		<u>69,270</u>	<u>95,688</u>	<u>164,958</u>	<u>127,712</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>47,496</u></u>	<u><u>46,720</u></u>	<u><u>94,216</u></u>	<u><u>164,958</u></u>

All activities relate to continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

MUSLIM CHARITIES FORUM

**BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	9		175		751
CURRENT ASSETS					
Debtors	10	5,080		5,000	
Cash at bank and in hand		148,067		170,796	
		<u>153,147</u>		<u>175,796</u>	
CREDITORS: amounts falling due within one year	11	(59,106)		(11,589)	
NET CURRENT ASSETS			94,041		164,207
NET ASSETS			94,216		164,958
CHARITY FUNDS					
Restricted funds	12		46,720		95,688
Unrestricted funds	12		47,496		69,270
TOTAL FUNDS			94,216		164,958

The financial statements were approved by the Trustees on 10 October 2016 and signed on their behalf, by:


Dr Hany Abdul Gawad El-Banna OBE Chairman

The notes on pages 12 to 21 form part of these financial statements.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

1.4 Tangible fixed assets and depreciation

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 repaid 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.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	5,032	-	5,032	180
Grants	10,000	-	10,000	108,022
Other income	160,070	-	160,070	201,419
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	175,102	-	175,102	309,621
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and legacies, £201,599 was to unrestricted funds and £108,022 was to restricted funds

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

3. DIRECT COSTS

	Governance £	Activities £	Total 2016 £	Total 2015 £
Wages, salaries & social security	3,390	96,487	99,877	110,291
Depreciation	-	576	576	1,280
Sundries	-	74	74	114
Travel and subsistence	-	4,358	4,358	7,050
Bank charges	-	248	248	267
Membership fees	-	205	205	566
Staff training & recruitment	-	3,424	3,424	280
Rent, insurance & utilities	-	21,253	21,253	21,688
Telephone, email & fax	-	1,203	1,203	2,679
Printing, postage, & stationary	-	1,608	1,608	1,558
Meeting expenses	-	12,649	12,649	5,788
Professional & legal	-	43,268	43,268	19,221
Consultancy/intern expenses	-	-	-	4,123
Project expenses	-	4,918	4,918	23,027
Advances	-	-	-	418
IT Website	-	6,168	6,168	3,937
DCLG Project	-	45,100	45,100	51,760
	<u>3,390</u>	<u>241,539</u>	<u>244,929</u>	<u>254,047</u>

4. GOVERNANCE COSTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Governance	<u>3,390</u>	<u>-</u>	<u>3,390</u>	<u>6,439</u>

5. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Other costs 2016 £	Total 2015 £
Expenditure on raising voluntary income	915	18,328
Costs of generating funds	<u>915</u>	<u>18,328</u>
Charitable Activities	241,539	247,608
Expenditure on governance	3,390	6,439
	<u>245,844</u>	<u>272,375</u>

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

6. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	576	1,280

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

7. EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2,825 (2015 - £2,825). - -

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

8. STAFF COSTS

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

	2016 No.	2015 No.
Charitable activities	<u>3</u>	<u>4</u>

No employee received remuneration amounting to more than £60,000 in either year.

The operations manager is considered the key staff for the charity - the total emoluments for key staff in 2016 were £30,500 (2015 - £40,000)

9. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2015	1,935	8,628	10,563
Disposals	(119)	-	(119)
At 31 March 2016	<u>1,816</u>	<u>8,628</u>	<u>10,444</u>
Depreciation			
At 1 April 2015	1,503	8,309	9,812
Charge for the year	326	250	576
On disposals	(119)	-	(119)
At 31 March 2016	<u>1,710</u>	<u>8,559</u>	<u>10,269</u>
Net book value			
At 31 March 2016	<u>106</u>	<u>69</u>	<u>175</u>
<i>At 31 March 2015</i>	<u>432</u>	<u>319</u>	<u>751</u>

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

9. TANGIBLE FIXED ASSETS (continued)

10. DEBTORS

	2016	2015
	£	£
Trade debtors	5,080	5,000

11. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	55,866	8,349
Accruals and deferred income	3,240	3,240
	59,106	11,589

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Carried Forward £
Unrestricted funds				
General Funds - all funds	69,270	175,102	(196,876)	47,496
Restricted funds				
SAKHAA Grant	50,638	-	(3,918)	46,720
DCLG	45,050	-	(45,050)	-
	95,688	-	(48,968)	46,720
Total of funds	164,958	175,102	(245,844)	94,216

Description of Funds –

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

Department for Communities and Local Government (DCLG): funded a restricted project known as Faith Minorities in Action (FMA) project whose objective is to enhance the organisational capacity of participating Places of Worship to create a space for dialogue with a wider group of stakeholders and to enhance ability and willingness of minority faith groups to set priorities and take action to promote integration.

SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Carried Forward £
General funds	69,270	175,102	(196,876)	47,496
Restricted funds	95,688	-	(48,968)	46,720
	164,958	175,102	(245,844)	94,216

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
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13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	175	175	751
Current assets	106,602	46,545	153,147	175,796
Creditors due within one year	(59,106)	-	(59,106)	(11,589)
	<u>47,496</u>	<u>46,720</u>	<u>94,216</u>	<u>164,958</u>

14. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(70,742)	37,246
Adjustment for:		
Depreciation charges	576	1,280
(Increase)/decrease in debtors	(80)	18,000
Increase/(decrease) in creditors	47,517	(7,196)
Net cash (used in)/provided by operating activities	<u>(22,729)</u>	<u>49,330</u>

15. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	148,067	170,796
Total	<u>148,067</u>	<u>170,796</u>

16. RELATED PARTY TRANSACTIONS

	Received £	Paid £	Balance at year end £
Zakat House	-	19,231	-
Human Appeal International	50,240	-	-
Islamic Relief UK	51,224	-	-
Muslim Hands	52,580	-	-

Zakat House - Dr Hany El-Banna is a trustee
 Human Appeal International - Dr Othman Moqbel is the Chief Executive
 Islamic Relief UK - Mr Jehangir Malik is a Director
 Islamic Relief UK - Mr Imran Madden is a Director
 Muslim Hands - Mr Syed Hassanain is a Director

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. FIRST TIME ADOPTION OF FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 April 2013. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.