

Charity number: 1166149

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

MUSLIM CHARITIES FORUM

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MUSLIM CHARITIES FORUM

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2018

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

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

Bankers

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

MUSLIM CHARITIES FORUM

**CHAIRMAN'S FOREWARD
FOR THE YEAR ENDED 31 MARCH 2018**

The Chairman presents his statement for the period.

Dear Readers

During the past 12 months, we have continued to fulfil our duty in representing the interests and improving the effectiveness of the Muslim NGO sector.

MCF has continued to represent members and the Muslim charity sector on the issues that affect them and their operations as NGOs. For example, we have worked closely with colleagues at The Humanitarian Forum by supporting a dedicated roundtable at the World Humanitarian Action Forum (WHAF) 2017, in London, and by facilitating participation of our members at consultations on policy recommendations.

We were also proud to organise a special meeting with the Commissioner General of the UNRWA, Pierre Krahenbuhl (with the support of one of our Patrons, The Rt Hon Andrew Mitchell MP). This was one of the first examples of direct engagement of the UK Muslim INGO sector as a whole with a high-level UN representative. We hope to organise such meetings in the future as well.

MCF's membership has continued to grow and we look forward to welcoming new members into our community. The new members will benefit from their membership with MCF and will bring their own experiences that will assist in strengthening MCF, and the sector as a whole.

It is becoming so much more important to work together and discuss issues concerning the wider charitable and international development sector. MCF has provided such a platform in the past and I look forward to MCF leading the way in the future.

Yours sincerely


Name Dr Hany El-Banna OBE
Chairman

Date 12/12/2018

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Chief Executive Officer's Summary

For more than 10 years, since its inception in 2007, the Muslim Charities Forum (MCF) has helped British Muslim charities to access the skills, tools, information and networks they need to maximise the effectiveness of their work and improve the lives of people around the world. In an increasingly challenging operating environment, it is now more important than ever for British Muslim charities to be working together and to be expressing the collective achievements of the sector to donors, supporters and critics. The MCF provides a unique platform to do just that.

During last year, we have continued supporting our members across five key areas of our work: capacity building, knowledge-exchange, networking and cooperation, advocacy, and research. We organised and facilitated a series of successful capacity building sessions on topics that are greatly relevant for the MCF's members. We organised and participated in conferences and roundtables and facilitated two member-led working groups. We organised two 'emergency response' meetings, to help coordinate our members' response to tragedies like the Grenfell Tower fire and the Rohingya crisis. We also facilitated important conversations within the sector, between British Muslim INGOs and domestic Muslim charities, to improve mutual understanding and cooperation. We have continued representing the views and needs of the sector in meetings and consultations with a wide range of external stakeholders. And we produced resources to document and showcase the work of our members.

2017-2018 has also been a transitional year for the MCF. An internal review was carried out in 2017 to identify the range of challenges and opportunities facing the MCF, in order to develop a new strategy. The review comprised consultation with around 40 people across the United Kingdom, which included trustees, CEOs, staff from the MCF's members, external stakeholders and experts. The findings of the review have informed our new strategy, which also takes into consideration current evolutions within the British Muslim charitable sector and within the wider environment they operate in. In light of this, three of our key priorities in 2018 are: opening up the MCF membership to domestic British Muslim charities; improving the MCF external communications and broadening MCF partnerships.

2017-2018 has also seen a change and restructure in the MCF's team. I would like to thank previous and current staff and the MCF's trustees for their dedication, commitment and support. I would also like to thank the numerous partners and external stakeholders who continue to work with us to improve the effectiveness of the British Muslim charitable sector and to nurture a constructive operating environment. And last, but by no means least, I would like to thank the MCF's members for their ongoing support and trust so that we can deliver on our vision to support British Muslim charities and INGOs in working for social good at home and abroad to transform lives for the better.

Fadi Itani
Chief Executive Officer

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

Overview

The Muslim Charities Forum (MCF) is a network for UK-based Muslim international and domestic NGOs (Non-Governmental Organisations) working for social good at home and abroad.

We focus on building a more accountable, transparent and efficient British Muslim charitable sector, so that together we can have a greater impact towards a more just and sustainable world.

Along with our member organisations, we work with a wider network of partners that includes non-member NGOs, regulatory bodies, civil society actors and the academia.

Our diverse network includes both well established and smaller NGOs. Collectively, our members, have work in over 70 different countries.

Internationally, the MCF members serve millions of people in need who live in poor or disaster-stricken regions around the globe.

In the UK, the MCF members respond to local crises and promote social welfare and greater cohesion by working with local communities.

Currently our membership consists of large NGOs with an annual income between £1M-£10M constitute the largest section of our membership base (50%). The other half of our membership is made of medium (£100K-£1M/year; 13%), major (>£10M/year; 31%), and super-major (>£100M/year; 6%) charities.

Vision and Mission

Our vision is to see British Muslim charities and INGOs making the biggest difference they can towards a more just and sustainable world.

Our mission is to support British Muslim charities and INGOs to reach their full potential and thrive.

Areas of work

To achieve our mission, we work in the following areas:

1.Capacity Building

We dedicate much of our efforts to offer our members opportunities to develop the skills of their staff across a number of different areas related to their work. We do this by offering workshops specifically tailored and designed to the needs of British Muslim charities, facilitated by the MCF, and delivered by skilled professionals who are experts in their field.

2.Knowledge-exchange

One of our top priorities is to provide thought leadership by: i) participating in relevant knowledge-exchange platforms; and ii) enabling our members to keep up-to-date with the latest developments relevant to their work and with opportunities to share experiences, ideas and concerns. We do this by organising and participating in a number of relevant working groups, roundtables and conferences.

3.Networking and cooperation

Through our network, we aim to get the right people talking to each other and to promote the benefits of constructive working relations and cooperation between our members and with other charities, NGOs, regulatory bodies, civil society actors, and the academia.

4.Advocacy

We listen to the needs and challenges of our members and we provide a voice and representation for the British Muslim charitable sector at a national level on advocacy platforms that are difficult to access for individual organisations. We do this by attending meetings and consultations with a wide range of relevant stakeholders.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

5. Research

We conduct and contribute to research on a wide range of topics and issues related to British Muslim charities, in order to gain a unique understanding of the sector and inform the general public and relevant stakeholders about our members' work, their experiences and impact.

Activities this year

This year, some of our key activities, under each of our strategic areas of work included the following:

1. Capacity Building

We dedicated most of our efforts into organising and facilitating capacity building sessions on a variety of relevant topics, such as:

i. Managing Serious Incidents within Muslim Charities (with Bindmans & Sayer Vincent LLP). This well-attended event outlined what steps UK-based Muslim INGOs can take to minimise the risk of serious incidents occurring within their organisations, how they can report to the Charity Commission and what steps should be taken if a serious incident occurs. Most participants who expressed feedback considered the workshop "excellent" (67%) and "very useful" (83%).

ii. Developing Effective Security Risk Management Practices (with the European Interagency Security Forum, EISF). The workshop looked at risk management in overseas programmes, threats and vulnerabilities, governance and accountability, security policy, security risk management in operations, compliance and monitoring and security risk planning using real case studies. Most participants who expressed feedback considered the workshop "very good" (67%) and "very useful" (78%).

iii. Crisis Management (with the European Interagency Security Forum, EISF). The workshop provided participants with practical tools and guidance for establishing and improving crisis management preparedness and planning for NGOs operating in high risk environments, particularly when abduction is a recognized threat.

iv. Compliance in Fundraising Standards, Regulation and Consent, GDPR (with the Fundraising Regulator). The workshop raised awareness among British Muslim INGOs about the role of the Fundraising Regulator, the Code of Fundraising Practice and associated rulebooks, the Fundraising Preference Service and the upcoming GDPR legislation. Checklists and self-assessment toolkits were provided during the session. Most participants who expressed feedback considered the workshop "very good" (73%) and "very useful" (73%).

v. Media Defamation & Crisis Communications (with Bates Wells Braithwaite (BWB) and Islamic Relief). This workshop was designed to help British Muslim INGOs respond to media defamation and improve their crisis communication practices. The session guided participants through how best to respond to a media crisis, from managing PR response to understanding the legal issues behind defamation. Most participants who expressed feedback considered the workshop "very good" (75%) and "very useful" (75%).

Overall, these events received very positive feedback from our members. This highlights the continued need to provide tailored capacity building for British Muslim charities, which the MCF is uniquely well equipped to offer.

2. Knowledge-exchange

This year, we facilitated knowledge-exchange on the following key areas:

i. The Role of Faith-Based Organisations in Localisation. We have conducted a roundtable with our members to discuss their experiences with the 'localisation agenda', and contributed to plan the international "Forum on Localizing Response to Humanitarian Need: The Role of Religious and Faith-based Organization" in Sri Lanka, which we also attended alongside 150 participants from across the globe.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

ii. Bridging the Gap Between INGOs and Domestic UK Charities. With the support of Better Communities Business Network (BCBN), we convened an 'away-day' that kicked-off a long-term, much needed conversation within the British Muslim charitable sector, looking at how INGOs and domestic charities, networks and initiatives can work together in a more effective and constructive way.

iii. De-risking and financial access. We have worked closely with our colleagues at The Humanitarian Forum by supporting a dedicated roundtable at the World Humanitarian Action Forum (WHAF) 2017 and by facilitating participation of our members at consultations on policy recommendations.

iv. Member-led working groups (WGs). In addition to continuing the long-standing Finance & Compliance WG, we launched the Programmes WG. This allowed senior leadership from the programmes teams of the MCF members to come together for the first time to discuss key opportunities and challenges for the sector concerning programmes. Participants' comments highlighted their willingness to be part of collaborative and co-ordinated efforts.

3. Networking and cooperation

Mirroring the MCF's evolution, this year's networking events incorporated both an international and a domestic dimension.

On the international level, we organised an 'Emergency Response' meeting on:

i. Rohingya Crisis: In response to the Rohingya crisis which erupted at the end of August 2017, the MCF organised a roundtable to assess the response from the UK-based Muslim INGO sector, identifying immediate needs on the ground and highlighting the risks and limitations of private crowd funding initiatives. The MCF then spoke about smart giving and the response to the Rohingya crisis during its participation at Islam Channel's 'Living The Life' Show.

On the domestic level, we organised two meetings dedicated to co-ordinate the efforts of different actors within the British Muslim charitable sector:

ii. Grenfell Muslim Response Unit (GMRU) Co-ordination Meeting. One month after the tragic Grenfell Tower fire on the 14th June 2017, the MCF convened a roundtable to discuss the activities of the GMRU, potential coordination mechanisms and strategies to maximise effectiveness.

iii. UK Muslim INGOs/Domestic Muslim Charities Steering Committee. Following on from the MCF/BCBN Away Day, we brought together the heads of domestic programmes from the MCF members with representatives from British Muslim domestic charities and Muslim professional and donor networks to aggregate thinking and explore practical steps for collaboration, through a dedicated steering committee.

4. Advocacy

We have been participating in a number of meetings and consultations with a wide range of stakeholders, which include:

i. The Fundraising Regulator, on providing recommendations on how to support regulatory compliance across smaller fundraising charities such as some British Muslim charities.

ii. Bond, the Charity Finance Group and Conciliation Resources, through our continued participation at a HMG-NGO working group on the effects of counter-terrorism policies on humanitarian work.

We also provided representation of British Muslim charities at the Palace of Westminster, by:

iii. Organising a special meeting with the Commissioner General of the UNRWA, Pierre Krahenbuhl (with the support of one of our Patrons, The Rt Hon Andrew Mitchell MP). This was one of the first examples of direct engagement of the UK Muslim INGO sector as a whole with a high-level UN representative

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

Finally, we also contributed to advocacy efforts aimed at conveying faith-based perspectives around sustainable development issues by:

iv. Speaking as a representative on the Muslim perspective on faith and sustainable development, at an international conference organised by ARC (Alliance of Religions and Conservations) in Switzerland, together with high-level speakers such as Elliott Harris (Assistant Secretary General of the UN Environment Programme) and Cardinal Peter Turkson (President of the Pontifical Council for Justice and Peace from the Vatican).

v. Contributing to a joint 'Islamic Declaration on Gender Justice' which has been coordinated by one of our founding members, Islamic Relief.

5. Research

In order to inform and support our advocacy work, this year we:

i. Produced an academic paper on the Muslim perspective on sustainable development and the role of Islamic finance to achieve sustainable development.

ii. Produced innovative 3W (Who does What Where) maps, to showcase our members' operational presence in Somalia and in the areas of work of the UNRWA (based on data collected from across our members). These maps were highly appreciated by our members, some of which have adopted the idea and started to develop similar resources.

Plans for the future

With a new CEO, and a new team, the MCF is going through a strategy-development process informed by the internal review and reform started in 2017. Our new strategy will aim to represent and respond to the evolution of the needs, challenges and priorities of the British Muslim charitable sector. Some of the key elements of the new strategy include:

1. Opening up the MCF membership to British Muslim charities that have a solely domestic focus, in order for us to be able to better serve the UK Muslim charitable sector as a whole.
2. Developing the MCF communications (e.g. through a new website), in order to provide a more visible and professional voice for the sector.
3. Broadening the MCF partnerships (e.g. with the academia), in order to maximise our networks and impact.

Financial Review

Muslim Charities Forum received donations, grants and other income worth £136,514 compared to £223,118 in 2016/17. At the end of the fiscal year 2016/17 we brought forward a positive bank balance of £146,847

The statement of Financial Activities portrays that Muslim Charities Forum spent £131,975 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.

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

Risk management

The trustees continue to assess the major risks to which MCF is exposed too 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 AGM has discussed this scenario in almost every trustees meeting and have recommended the increase in members and therefore membership fees. The charity has been able to increase members this year and is discussing dynamic plans for increasing its membership base even further.

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.

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 bench working 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).

MUSLIM CHARITIES FORUM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2018

STATEMENT OF TRUSTEES' REPONSIBILITIES

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: 12/12/18


Dr Nany Abdul Gawad El-Banna OBE Chairman


Shuaib Yusaf Treasurer

MUSLIM CHARITIES FORUM

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

I report to the charity Trustees on my examination of the accounts of the charity for the year ended 31 March 2018.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Responsibilities and Basis of Report

As the Trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

Your attention is drawn to the fact that the charity has prepared the accounts 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

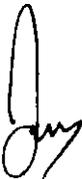
I understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination 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: 12/12/2018.

haysmacintyre, 10 Queen Street place, London, EC4R 1AG

MUSLIM CHARITIES FORUM

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and legacies | 2 | 130,867 | 5,647 | 136,514 | 223,118 |
| TOTAL INCOME | | <u>130,867</u> | <u>5,647</u> | <u>136,514</u> | <u>223,118</u> |
| EXPENDITURE ON: | | | | | |
| Charitable activities | 4 | 123,650 | 8,325 | 131,975 | 182,157 |
| TOTAL EXPENDITURE | 5 | <u>123,650</u> | <u>8,325</u> | <u>131,975</u> | <u>182,157</u> |
| NET BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 7,217 | (2,678) | 4,539 | 40,961 |
| NET MOVEMENT IN FUNDS | | 7,217 | (2,678) | 4,539 | 40,961 |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | 88,623 | 46,554 | 135,177 | 94,216 |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>95,840</u></u> | <u><u>43,876</u></u> | <u><u>139,716</u></u> | <u><u>135,177</u></u> |

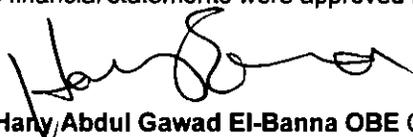
The notes on pages 13 to 23 form part of these financial statements.

MUSLIM CHARITIES FORUM

BALANCE SHEET
AS AT 31 MARCH 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|---|------|----------------|----------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 378 | | - |
| CURRENT ASSETS | | | | | |
| Debtors | 10 | - | | 34,079 | |
| Cash at bank and in hand | | 146,847 | | 151,071 | |
| | | <u>146,847</u> | | <u>185,150</u> | |
| CREDITORS: amounts falling due within one year | 11 | (7,509) | | (49,973) | |
| NET CURRENT ASSETS | | | <u>139,338</u> | | <u>135,177</u> |
| NET ASSETS | | | <u>139,716</u> | | <u>135,177</u> |
| CHARITY FUNDS | | | | | |
| Restricted funds | 12 | | 43,876 | | 46,554 |
| Unrestricted funds | 12 | | 95,840 | | 88,623 |
| TOTAL FUNDS | | | <u>139,716</u> | | <u>135,177</u> |

The financial statements were approved by the Trustees on 12/12/18 and signed on their behalf, by:



Dr Hany Abdul Gawad El-Banna OBE Chairman

The notes on pages 13 to 23 form part of these financial statements.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 7,367 | 5,647 | 13,014 | 55,719 |
| Membership income | 123,500 | - | 123,500 | 167,399 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | 130,867 | 5,647 | 136,514 | 223,118 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total 2017 | 168,389 | 54,729 | 223,118 | |
| | <hr/> | <hr/> | <hr/> | |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. DIRECT COSTS

| | Governance £ | Activities £ | Total 2018 £ | Total 2017 £ |
|-----------------------------------|-----------------|-----------------|--------------------|--------------------|
| Wages, salaries & social security | - | 72,157 | 72,157 | 82,760 |
| Depreciation | - | 189 | 189 | 175 |
| Sundries | - | 51 | 51 | - |
| Travel and subsistence | - | 2,084 | 2,084 | 2,935 |
| Bank charges | - | 199 | 199 | 200 |
| Membership fees | - | 196 | 196 | 237 |
| Staff training & recruitment | - | 582 | 582 | 1,406 |
| Rent, insurance & utilities | - | 15,432 | 15,432 | 17,875 |
| Telephone, email & fax | - | 17 | 17 | 12 |
| Printing, postage, & stationary | - | 550 | 550 | 748 |
| Meeting expenses | - | 1,025 | 1,025 | 1,296 |
| Professional & legal | 3,390 | 24,951 | 28,341 | 15,496 |
| Project expenses | - | 3,779 | 3,779 | 509 |
| IT Website | - | 1,726 | 1,726 | 4,378 |
| Somaliand food aid | - | - | - | 29,363 |
| Annual Humanitarian Awards | - | 5,647 | 5,647 | 24,767 |
| | 3,390 | 128,585 | 131,975 | 182,157 |
| <i>Total 2017</i> | <i>3,390</i> | <i>178,767</i> | <i>182,157</i> | |

4. GOVERNANCE COSTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Governance | 3,390 | - | 3,390 | 3,390 |

5. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

| | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|---------------------------|--------------------------|--------------------|--------------------|
| Charitable Activities | 128,585 | 128,585 | 178,767 |
| Expenditure on governance | 3,390 | 3,390 | 3,390 |
| | 131,975 | 131,975 | 182,157 |
| <i>Total 2017</i> | <i>182,157</i> | <i>182,157</i> | |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|------------|------------|
| Depreciation of tangible fixed assets: - owned by the charity | <u>189</u> | <u>175</u> |

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

7. EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £2,825 (2017 - £2,825). - -

MUSLIM CHARITIES FORUM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. STAFF COSTS

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

| | 2018 | 2017 |
|-----------------------|-------------|-------------|
| | No. | No. |
| Charitable activities | 3 | 3 |

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

The Director of Operations is considered the key staff for the charity - the total emoluments for key staff in 2018 were £40,750 (2017 - £36,398)

9. TANGIBLE FIXED ASSETS

| | Office equipment £ | Computer equipment £ | Total £ |
|-------------------------|-----------------------------------|-------------------------------------|--------------------|
| Cost | | | |
| At 1 April 2017 | 1,816 | 8,628 | 10,444 |
| Additions | - | 567 | 567 |
| At 31 March 2018 | 1,816 | 9,195 | 11,011 |
| Depreciation | | | |
| At 1 April 2017 | 1,816 | 8,628 | 10,444 |
| Charge for the year | - | 189 | 189 |
| At 31 March 2018 | 1,816 | 8,817 | 10,633 |
| Net book value | | | |
| At 31 March 2018 | - | 378 | 378 |
| <i>At 31 March 2017</i> | - | - | - |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. TANGIBLE FIXED ASSETS (continued)

10. DEBTORS

| | 2018 £ | 2017 £ |
|---------------|-----------|-----------|
| Trade debtors | - | 34,079 |

11. CREDITORS: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|--------------|---------------|
| Trade creditors | 1,249 | 44,472 |
| Other taxation and social security | 3,020 | 2,261 |
| Accruals and deferred income | 3,240 | 3,240 |
| | <u>7,509</u> | <u>49,973</u> |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT 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 | (8,325) | 43,876 |
| Total of funds | 135,177 | 136,514 | (131,975) | 139,716 |

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.

Humanitarian Award Ceremony is restricted funding celebrated and recognised the remarkable achievements of the British Muslim charity sector over the past 30 years, bringing together leaders from Muslim-led charities with other faith and non-faith based organisations for a night of celebration and reflection.

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | <i>Balance at 1 April 2016 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Balance at 31 March 2017 £</i> |
|-----------------------------|--|---------------------|--------------------------|---|
| General Funds - all funds | 47,496 | 168,989 | (127,862) | 88,623 |
| Restricted funds | | | | |
| SAKHAA Grant | 46,720 | - | (166) | 46,554 |
| Somaliand Collaboration | - | 29,363 | (29,363) | - |
| Humanitarian Award Ceremony | - | 24,766 | (24,766) | - |
| | <u>46,720</u> | <u>54,129</u> | <u>(54,295)</u> | <u>46,554</u> |

SUMMARY OF FUNDS - CURRENT YEAR

| | <i>Balance at 1 April 2017 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Balance at 31 March 2018 £</i> |
|------------------|--|---------------------|--------------------------|---|
| 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> |

SUMMARY OF FUNDS - PRIOR YEAR

| | <i>Balance at 1 April 2016 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Balance at 31 March 2017 £</i> |
|------------------|--|---------------------|--------------------------|---|
| General funds | 47,496 | 168,989 | (127,862) | 88,623 |
| Restricted funds | 46,720 | 54,129 | (54,295) | 46,554 |
| | <u>94,216</u> | <u>223,118</u> | <u>(182,157)</u> | <u>135,177</u> |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT 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> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | <i>Unrestricted funds 2017 £</i> | <i>Restricted funds 2017 £</i> | <i>Total funds 2017 £</i> |
|-------------------------------|--|--|---------------------------------------|
| Current assets | 138,596 | 46,554 | 185,150 |
| Creditors due within one year | (49,973) | - | (49,973) |
| | <u>88,623</u> | <u>46,554</u> | <u>135,177</u> |

14. OPERATING LEASE COMMITMENTS

At 31 March 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

| | 2018 £ | 2017 £ |
|-------------------------|---------------|---------------|
| Amounts payable: | | |
| Within 1 year | <u>17,000</u> | <u>14,250</u> |

MUSLIM CHARITIES FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. RELATED PARTY TRANSACTIONS

| | Received £ | Paid £ | Balance at year end £ |
|----------------------|-------------------|-------------------|-----------------------------|
| Zakat House | - | 14,786 | - |
| Human Appeal | 25,850 | - | - |
| Islamic Relief UK | 31,151 | - | - |
| Muslim Hands | 25,850 | - | - |
| The World Federation | 26,350 | - | - |
| Al Khair Foundation | 26,151 | - | - |
| | - | - | - |
| | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |

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 - Dr Othman Moqbel was the Chief Executive.

Islamic Relief UK - Mr Imran Madden is the UK Director.

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

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

Muslim Hands - Syed Lakthe Hassanain is the Chairman.

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