



**Trustees' Report and Financial Statements  
for the year ended 31 December 2011**

**Charity No: 295224**

# Financial Statements for the year ended 31 December 2011

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## Contents

## Page

Legal and Administrative Information .....	2
Trustees' Report .....	3 - 8
Auditor's Report to the Trustees .....	9-10
Statement of Financial Activities .....	11
Balance Sheet .....	12
Cash Flow Statement .....	13
Notes to the Financial Statements .....	14 - 20

## **Legal and administrative information**

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### **Board of Trustees**

#### **Chairman**

Dr Manazir Ahsan MBE (elected 14 July 2012)  
Sir Iqbal Sacranie OBE (term ended 14 July 2012)

#### **Vice Chairman**

Dr Suhaib Hassan (elected 14 July 2012)  
Dr Manazir Ahsan MBE (term ended 14 July 2012)

#### **Secretary**

Dr Muhammad Abdul Bari MBE (elected 14 July 2012)  
S M Tanzeem Wasti (term ended 14 July 2012)

#### **Treasurer**

AKM Abdussalam (elected 14 July 2012)  
Dr Zahid Ali Parvez (term ended 14 July 2012)

#### **Trustees serving in the year**

Dr Kadhem Al-Rawi (passed away April 2011)  
Ahmed von Denffer (resigned 25 June 2011)  
M H Faruqi  
Mehboob Kantharia  
Dr Abdul Majid Katme  
Chowdhury Mueen-Uddin  
Farooq Murad  
Dr Muhammad Jafer Qureshi  
Dr Tariq Yusuf Rajbee  
Professor Ghulam Sarwar

#### **Chief Executive Officer**

Syed Sharfuddin

#### **Charity number**

295224

#### **Registered Office**

PO Box 3  
London  
E1 1WP

#### **Auditor**

Chantrey Vellacott DFK LLP  
Russell Square House  
10-12 Russell Square  
London  
WC1B 5LF

#### **Bankers**

Lloyds TSB Bank plc  
Habib Bank AG Zurich  
Islamic Bank of Britain  
HSBC

# MUSLIM AID

## Trustees' Report For the year ended 31 December 2011

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### Structure, Governance and Management

Muslim Aid is an international relief and development agency established in 1985 with its HQ in London and branch offices in Birmingham and Manchester. In 2011, Muslim Aid worked in 51 countries with Field Offices in 13 countries, including two coordinating offices.

The Trustees are elected and operate in accordance with the Trust Deed and Governing Document of the Charity approved in November 1985 and amended subsequently by the Board of Trustees from time to time. They are responsible for policy making and ensuring that those policies are implemented. Muslim Aid management is responsible for implementing programmes and projects as approved by the Trustees in an efficient and transparent manner thus fulfilling the aims and objects of the Charity.

The organisation is made up of structured departments functioning as independent units with clear reporting lines. Systems for line management, appraisal, staff development and supervision are in place, together with grievance and complaints procedures.

Reports are submitted to the Charity Commission by the Trustees, as required by law.

### Objectives and activities

Muslim Aid is established for charitable purposes only, in accordance with the teachings of the Holy Quran and Sunnah. These purposes are to relieve the poor, the elderly, children, and all those who are in need in any part of the world as a result of natural disasters, such as floods, earthquakes, droughts, famines, epidemics, poverty and plagues, to relieve those who are refugees fleeing from war zones and war victims.

The relief shall take the form of:

Finance, food, clothing, shelter, medical aid and supplies, assistance in agricultural, industrial and educational projects aimed at enabling those being helped to become self-sufficient.

Muslim Aid is a premier international NGO in the UK and has made a significant contribution towards disaster relief and recovery and the alleviation of poverty. A new five-year strategic plan was agreed for the period 2011 to 2015. The following are the key objectives:

- 1: Strong organisation and leadership**
- 2: High impact programme development and effective emergency response**
- 3: Increase donations and secure autonomy in financial resources**
- 4: Nurturing friendships and establishing new networks**
- 5: Effective intervention for poverty reduction**
- 6. Achieving Quality Standards Globally**

Muslim Aid's work is guided by the following values and principles based on Islamic humanitarian teaching and practices:

- 1 Serve humanity with commitment and enthusiasm by putting our beneficiaries first.
- 2 Be committed to alleviating poverty regardless of religion, ethnicity, nationality, gender or age.
- 3 Be adaptable and responsive to the changing needs of our beneficiaries.
- 4 Work in partnership with others.
- 5 Be accountable and transparent in our activities.
- 6 Embody the universal principles of compassion, peace and justice.

Through generous donations and religious dues contributions, Muslim Aid has expanded its outreach in many countries providing help with food aid, water and sanitation, shelter, health, education, capacity building, livelihood support and empowerment of people, with knowledge and skills to build their future with dignity and respect.

While mainly focused on emergency relief and recovery, Muslim Aid has also been providing assistance to communities in carrying out sustainable development programmes. Intrinsic to Muslim Aid's mission is tackling the root causes of poverty. This means that after most relief agencies have provided initial emergency aid to victims of natural disasters and left, Muslim Aid continues to help in the recovery and rebuilding of shattered lives.

Over the years Muslim Aid has established Field Offices in Bangladesh, Bosnia, Cambodia, Gambia, Indonesia, Iraq, Lebanon, Pakistan, Somalia, Sri Lanka and Sudan. Our Field Offices implement Muslim Aid's development strategy through multi-faceted programmes. In addition to the 11 Field Offices, there are Coordinating Offices in Jordan and Kenya.

Some specialist programmes include:

- 1 Child sponsorship and Orphan Care (Rainbow Family)
- 2 Islamic microfinance comprising interest free loans to poor households and small enterprises
- 3 Ramadan and Qurbani Programmes

# MUSLIM AID

## Trustees' Report For the year ended 31 December 2011

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### Risk Management

The Trustees have assessed the major risks to which the organisation may be exposed, in particular the risks relating to financial sanctions, as well as operational and reputational risks. Muslim Aid's due diligence policy and reporting procedures are reviewed on a regular basis.

The Executive Committee monitors income and expenditure and regularly oversees implementation of the reserves policy at its meetings. In this role the Executive Committee is supported by the Governance Committee, the Finance and General Purposes Committee and the Distribution Committee of the Trustees.

### Public benefit

The Trustees confirm that they abide by the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future objectives, and have complied with Section 4 of the Charities Act 2006 to have due regard to public benefit in pursuance of its objectives and activities.

### Achievements and Performance

#### Objective 1 Strong organisation and leadership

1. Internal Restructuring.  
In January the Senior Management Team was reconstituted comprising CEO, Head of Corporate Services, Head of UK, Head of Accounts and Head of International Programmes. A new post of Internal Auditor was agreed and is under recruitment.
2. Governing Document  
A number of Trustee Governance Sub-Committee meetings took place to look into modifying the objects of the governing document and powers of Trustees in line with the Charity Commission's guidance.
3. Due diligence procedures  
Muslim Aid worked closely with a number of organisations including Transparency International and BOND to develop Anti-Bribery Principles and Guidelines for NGOs. This is now available as a booklet for utilisation by other NGOs
4. Field Office visits  
During the year, the Trustees and staff visited Muslim Aid projects in Bangladesh, Pakistan, Lebanon, Gambia, Somalia and Sudan.
5. Working with Other Organisations  
The CEO was a guest speaker at the 2011 UN Humanitarian Funding Conference in Geneva chaired by the UN Secretary-General Ban Ki-Moon on 25 January. In his address, a number of proposals were presented for improving international humanitarian response.
6. Overseas Coordination  
Muslim Aid Headquarter coordinated with Muslim Aid Malaysia, Helping Hands USA, Qatar Charity, United Methodist Committee on Relief, Lutheran Church USA and Progressio to deliver its relief and development programmes around the world.
7. Memorandums of Understanding  
Muslim Aid signed a number of MOUs with other charities and institutions to advance and deepen its strategic partnerships in support of its work. Funding agreements were signed with Age UK, Mercy Malaysia, UNICEF, World Food Programme, UNHCR, World Health Organisation and other partners in the delivery of programmes.
8. Information Technology  
Muslim Aid has invested in a new fundraising database which will be developed during 2012 with a view to launch in 2013. This will help the organisation become much more efficient and effective, as well as provide valuable information and increase transparency.

#### Objective 2 – High impact programme development and effective emergency responses

1. Field Office Development
  - After joining Muslim Aid, the Head of International Programmes commenced visits to Field Offices and submitted reports to the EC with his recommendations. Recommendations from field visits have resulted in significant changes being made to the structure of field offices.
  - There are positive signs that more of our Field Offices are delivering well-designed projects which are reflected in an increase in our institutional funding.

- Desk Managers received accounts training and were reviewing projects accounts submitted by Field Offices. The programme delivery costs for Field Offices continue to be scrutinised by the Accounts Department.
2. Capacity building and programme development
    - There have been a number staff capacity-building training sessions including two with European Commission Humanitarian Organisation (ECHO) held at Muslim Aid's HQ, and three with Bond, in addition to in-house training.
    - Muslim Aid commenced negotiations with Oxfam for a project in Gaza for £250,000 which has since been funded. This opens avenues for future partnership with Oxfam.
    - Muslim Aid designed e-learning programmes for capacity-building of partners on selected topics in the area of media publicity and beneficiary accountability.
  3. Programme management
    - The search for a Country Director for Bangladesh resulted in three candidates being shortlisted. Pending finalisation of interviews, Obaidur Rahman continued as Acting Country Director.
    - Comprehensive country strategies have been written in conjunction with all of our field offices that tie in with Muslim Aid's own 5 year strategy. In addition, each Field Office has completed a 1 year workplan.
    - A Global Emergency Fund has been formalised which allows Muslim Aid to maintain a fund of more than £500,000 for rapid response in large-scale disasters.
    - A Rapid Response Team (RRT) was proposed and approved by the EC. The RRT is still in the process of being fully implemented. It will strengthen Muslim Aid's initial disaster response with a trained stand-by team.
    - An Emergency Task Force (ETF) has been formed and comprises members of Senior management Team (SMT) and relevant managers. The ETF has improved Muslim Aid's co-ordinated response to disasters.

#### **Objective 3 – Increase donations and secure autonomy in financial resources**

1. Strengthening donations processes and donor relationships
  - A significant number of Standing Orders have been converted to Direct Debit. This ensured long-term and reliable donations from individual donors.
  - An improved donor care system is in place, following up donations or regular payments that have been stopped with a courtesy call.
2. Mosque relations
  - Strengthened relationship with mosques and community organisations through regular contact. A mosque appreciation event was organised in 2011 to acknowledge their contribution to Muslim Aid fundraising from the community.
  - Initiated long-term development projects with mosques and community organisations including Pakistan Model village with Balham Mosque, maternity hospital with Muslima, Feeding Project with AMIC and education projects with Gatton Primary School.
3. Strengthening volunteer base
  - Increased volunteer network (nearly 800 new volunteers recruited) and established partnership with schools and professional volunteer networks.
  - School outreach programme has been introduced and partnerships have been established with a few local schools.
4. Establishing strategic partnerships
  - Corporate partnerships were established with Hi-Spek and ASDA and more are in the pipeline. Strategic partnerships were also established with Shelter, Age UK and Age Concern for fundraising and programme delivery, in particular for the Winter Appeal.
  - Sustainable relationships with funding institutions such as ECHO, Islamic Development Bank, World Food Programme, World Health Organisation and United Nations High Commissioner for Refugees (UNHCR) continued in Field Offices.
5. Development of UK community fundraising
  - Regional offices were established in Birmingham and Manchester to extend fundraising opportunities. Initial problems related to new office premises and staff have since been addressed.
  - Enhanced online campaign with Google and other social media continued. Muslim Aid ensured increased donations through online donations and regular SMS campaigns.
  - Volunteer fundraising initiated last year – volunteers are being trained and deputised to fundraise on behalf of the organisation under the care of the Volunteers Department.

### **Objective 4 – Nurturing friendships and establishing new networks**

1. Media relations development
  - Muslim Aid continued its regular contact with community and media through the publication of regular press releases both online and in print media. These press releases marked occasions such as the Children's Night of Empowerment events, 25<sup>th</sup> Anniversary reception at the House of Commons, as well as several international days.
  - Articles and advertorials were also published in The Muslim Weekly on various topics of interest to the charity sector.
  - Additional television adverts were placed on local TV channels to raise funds from the community for Pakistan floods.
  - A media campaign was launched in the year for the Horn of Africa drought and Syria emergency.
2. Building relations with government institutions and international bodies
  - The CEO delivered a speech at the Aid & International Development Forum (AIDF) in Washington. Muslim Aid urged governments, relief organisations and the private sector to develop a more unified framework to respond to disasters. The Charity also called on the aid and development agencies to focus more on disaster prevention by remaining engaged on key issues and sharing information on lessons learnt and good practices.
  - During his visit to the US, the CEO also had meetings with the senior management of AmeriCares Disaster Relief and Humanitarian Aid Organisation (AmeriCares) in Connecticut, the United Methodist Committee on Relief (UMCOR) in New York, and American Near East Refugee Aid (ANERA) in Washington.
  - The Chairman and CEO travelled to Saudi Arabia in February to meet key partners and formalise our relationship with the Organisation of the Islamic Conference (OIC), Islamic Development Bank (IDB) and World Association of Muslim Youth (WAMY) by signing Memorandum of Understandings (MOUs). The immediate outcome was media coverage in the Arab region and interaction with the leaders of the concerned organisations. The CEO continued to meet with the heads of major NGOs to discuss current developments in the charity sector including matters of governance. Meetings took place with the CEOs of Action Aid, World Vision, Care International, British Red Cross, Tearfund and Merlin.
  - Muslim Aid applied for membership of the UK Disaster and Emergency Committee (DEC) and adopted its accountability framework in its programmes.

### **Objective 5 - Effective intervention for poverty reduction**

1. Development of Muslim Aid Microfinance Programme globally
  - A review of the microfinance programmes showed a recovery rate of 99.65% in Bangladesh, 98% in Pakistan and 90% in Sri Lanka. These programmes are at present poorly funded and need to be bolstered to become self-sufficient.
2. Skills development programmes
  - A Women Development Programme funded by ECHO-USA provided skills training for underprivileged women in Bangladesh, including job placement support, literacy training and provision of sewing machines.
  - Muslim Aid Institutes of Technology (MAIT) in Bangladesh and Hunarkada in Pakistan continued to offer training and support to young people and unemployed persons through non-formal education.
  - Skills training workshops were also organised by our field offices in Indonesia, Lebanon, Bosnia and Iraq.

### **Objective 6 – Achieving Quality Standards Globally**

1. Humanitarian Accountability Partnership (HAP) standards
  - Muslim Aid participated in the HAP General Assembly meeting in Geneva and renewed the HAP membership.
  - The Muslim Aid team is working hard in ensuring that HAP standards are integrated within its existing and future programmes at head quarters and field office level. Muslim Aid team also participated in HAP meetings held at London, for networking and shared the progress and challenges faced in compliance of standards by the partner organisations.
  - As a result of these meetings, complaints mechanisms have been introduced in all Field Offices and our programmes are becoming more sensitive to the needs of the beneficiaries.
2. Disasters Emergency Committee (DEC) framework
  - The Monitoring and Compliance Manager held various meetings, briefing sessions for SMT and staff at HQ level, in creating awareness on DEC priorities.

## MUSLIM AID

### Trustees' Report For the year ended 31 December 2011

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- Muslim Aid completed the DEC Accountability Framework (DECAF) template by gathering all available approved documents related to policies, procedures and processes. Departments were provided detailed briefs by the Monitoring and Compliance Manager to prepare the documents required to complete the DECAF in the coming year 2012.
  - The DEC framework has been included within the departmental work plans of 2012.
3. Memberships
- Muslim Aid is continuing its membership with BOND, Crisis Action and People In Aid (PIA) and is receiving regular updates on developmental and emergency aspects. Muslim Aid staff participated in two PIA training sessions on HR aspects and incorporated learning within Muslim Aid's programmes.
  - Muslim Aid's membership of Investors in People (IIP) was renewed in 2011.

#### **Plans for the Future**

In 2012 we are continuing to build on the work of 2011 against the five-year strategic plan for the period 2011 to 2015.

#### **Financial Review**

During 2011 the Trust's income totalled £33.4million (2010: £25.2m). This included Gifts in kind of £10.4 million (2010: £6.7m). The value of 'Gifts in Kind' was calculated at the lowest of cost or net resale value at the time of distribution under charitable activities. In the case of medicines, this was calculated at the lowest value of the generic equivalent as approved by the World Health Organisation.

Income exceeded expenditure in the year by £1.5 million (2010: £3.9m). This was due mainly to the successful fundraising efforts for the Horn of Africa Drought, as well as the prudent policies pursued by the Trustees in regard to keeping admin costs low and positioning Muslim Aid as a pro-poor organisation working to meet the expectations of the community, as well as its donors in the context of its charitable work.

The end of the year saw the financial position of the Trust to be strong with nearly £6.4 million of unrestricted reserves. During the period 1 January to 31 December 2011, income from the community and institutional funds totalled £33.4 million (2010: £25.2 m).

#### **Internal Control**

Muslim Aid Trustees have strengthened the charity's internal financial controls. As part of the process of strengthening the Trustees' review of the field offices, financial and non-financial activities were reviewed after the visits and a number of shortcomings were identified which the Trustees are thoroughly addressing. The Trustees will review the reporting structure of the offices once this work is concluded.

Field Offices are required to consult the HQ before appointing local auditors.

#### **Challenges**

Following a number of changes of senior personnel in our Sudan office, the Trustees have initiated an independent assessment of the operation of financial controls in relation to Muslim Aid activities in Sudan. In addition to this review, Trustees will visit Sudan to evaluate the field office operations and recommend what, if any, further measures need to be put into place.

#### **Reserves policy**

The Trustees recognise the need to hold sufficient reserves to allow protection of core activities in the event of any income shortfalls to implement long-term strategic programmes and enable the Charity to carry out its essential projects. The reserve policy ensures, as far as possible, the sustainability of charitable activities across various sectors. The policy aims to have sufficient free reserves to enable the Charity to weather peaks and troughs and to hold at least the equivalent of six months' HQ running cost expenditure (£1.75 million). The total free consolidated reserves on 31 December 2011 were £3.8 m (2010: £1.9 m); however out of this the headquarters free reserve was only £2.1 m (2010: £0.9 m). The Trustees are pleased they have met their reserves policy and will review it again during 2012. In addition Trustees have designated £2.6 m as Muslim Aid's consolidated fixed assets.

#### **Investment policy**

The Investment Policy of the Trustees is to keep its funds in registered banks in the UK and overseas and, where possible, in Shariah compliant products.



## MUSLIM AID

### Trustees' Report For the year ended 31 December 2011

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#### Trustees' Responsibilities

The Trustees have prepared this Annual Report and Accounts in accordance with the applicable law in the UK, in particular the United Kingdom Accounting Standards (United Kingdom generally accepted accounting practice).

The law applicable to charities in England and 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 year. In preparing the financial statements, the Trustees have exercised care in regard to:

- o selecting suitable accounting policies and applying them consistently,
- o observing the methods and principles provided in the Charities SORP,
- o making judgements and estimates that are reasonable and prudent,
- o stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- o preparing the financial statements on the basis of any ongoing concerns.

The Trustees have also exercised due care in 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 charity's Governing Document. They have also ensured that the assets of the charity are safeguarded and protected by agreed mechanisms for the prevention and detection of fraud and other irregularities.

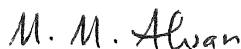
The Trustees have exercised due diligence and care in protecting the integrity of the charity and have gone through the financial accounts placed on the charity's website in line with the legislation in the United Kingdom governing the preparation and dissemination of financial statements.

#### Conclusion

The Charity's core programmes aimed at Muslim Aid becoming a global player in poverty alleviation remained on course. Efforts continued to strengthen internal structures, accountability, beneficiary input and policies to enable Muslim Aid to attract mainstream awareness, partnerships and funding. As we continue to develop and grow, we pray that we will *Insh'Allah* demonstrate to society at large that Islam, under the institution of *Zakah* and *Sadaqah*, makes it a duty on its adherents to work towards the removal of poverty and to help disadvantaged people across the globe irrespective of their faith, colour, race and political system. Islam promotes peace, compassion and justice for all humankind. As a British Muslim NGO, it is our duty and our privilege to serve all humanity.

The Trustees take this opportunity to thank Muslim Aid stakeholders, in particular our generous donors and beneficiaries for their support and faith in Muslim Aid's resolve and ability to deliver relief and development where it is needed most. Muslim Aid staff, volunteers and friends remain steadfast in their commitment to work selflessly to serve humanity in the years ahead.

The Audited Accounts of the charity were presented to Muslim Aid's AGM held in London on 14 July 2012 and approved by the Trustees on 25<sup>th</sup> October 2012.



Dr Manazir Ahsan MBE  
Chairman



AKM Abdussalam  
Treasurer

Date: 25 OCTOBER 2012

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MUSLIM AID**

We have audited the financial statements of Muslim Aid for the year ended 31 December 2011 which comprise the statement of financial activities, the balance sheet, the cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2011, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MUSLIM AID

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

*Chantrey Vellacott DFC LLP*

CHANTREY VELLACOTT DFK LLP

Chartered Accountants  
Registered Auditor  
LONDON

Date *30 October 2012*

# MUSLIM AID

## Statement of Financial Activities For the year ended 31 December 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary income:</i>					
Donations	2	2,563,187	8,131,180	<b>10,694,367</b>	10,465,265
Gifts in Kind		-	10,390,842	<b>10,390,842</b>	6,726,578
<i>Activities fo generating funds:</i>					
Investment and other income	3	77,126	-	<b>77,126</b>	63,976
<b>Incoming resources from charitable activities:</b>					
Institutional Grants	4	460,325	11,786,380	<b>12,246,705</b>	7,906,660
<b>Total incoming resources</b>		<b>3,100,638</b>	<b>30,308,402</b>	<b>33,409,040</b>	25,162,479
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Fundraising cost		115,964	1,331,780	<b>1,447,744</b>	1,562,981
<b>Charitable expenditure:</b>					
Emergency Relief		159,693	19,218,019	<b>19,377,712</b>	11,276,153
Education		16,321	1,763,406	<b>1,779,727</b>	1,238,044
Health Care		28,891	2,640,071	<b>2,668,962</b>	2,825,495
Economic Empowerment		25,013	2,213,442	<b>2,238,455</b>	834,138
Water & Sanitation		15,445	1,384,682	<b>1,400,127</b>	916,305
Qurbani/Ramadan and other religious dues		15,922	1,499,607	<b>1,515,529</b>	1,730,092
Rainbow Family		15,415	1,364,055	<b>1,379,470</b>	864,897
<b>Total Charitable expenditure</b>	5	<b>276,700</b>	<b>30,083,282</b>	<b>30,359,982</b>	19,685,124
<b>Governance costs</b>	6	<b>90,410</b>	-	<b>90,410</b>	62,417
<b>Total Resources Expended</b>	5	<b>483,074</b>	<b>31,415,062</b>	<b>31,898,136</b>	21,310,522
<b>Net incoming resources before transfers</b>		2,617,564	(1,106,660)	<b>1,510,904</b>	3,851,957
<b>Transfers between funds</b>	12	(496,083)	496,083	-	-
<b>Exchange surpluses/(deficits)</b>		241,895	-	<b>241,895</b>	84,428
<b>Net Movement in funds</b>		<b>2,363,376</b>	<b>(610,577)</b>	<b>1,752,799</b>	3,936,385
Total Funds at 31 December 2010		4,020,589	10,229,461	<b>14,250,050</b>	10,313,665
<b>Total Funds at 31 December 2011</b>		<b>6,383,965</b>	<b>9,618,884</b>	<b>16,002,849</b>	14,250,050

All recognised gains and losses are reflected in the Statement of Financial Activities and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 14 to 20 form an integral part of these financial statements.

## MUSLIM AID

### Balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	8	2,577,241	2,146,312
		<u>2,577,241</u>	<u>2,146,312</u>
<b>Current assets</b>			
Inventories	9	409,878	1,106,409
Debtors	10	3,094,597	2,886,886
Cash at bank and in hand		13,133,557	11,686,241
		<u>16,638,032</u>	<u>15,679,536</u>
<b>Creditors: amounts falling due within one year</b>	11	<b>(3,212,424)</b>	<b>(3,575,798)</b>
		<u>13,425,608</u>	<u>12,103,738</u>
<b>Net current assets</b>		<b>13,425,608</b>	<b>12,103,738</b>
<b>Net total assets</b>		<b>16,002,849</b>	<b>14,250,050</b>
		<u><u>16,002,849</u></u>	<u><u>14,250,050</u></u>
<b>The total funds of the charity</b>			
Unrestricted income funds			
- General fund		3,806,724	1,874,277
- Designated fund		2,577,241	2,146,312
Restricted income funds	12	9,618,884	10,229,461
		<u>16,002,849</u>	<u>14,250,050</u>
		<u><u>16,002,849</u></u>	<u><u>14,250,050</u></u>

The financial statements were approved by the Trustees on: 25 October 2012 and signed on its behalf by:

*M. M. Ahsan*

.....  
**Dr Manazir Ahsan MBE**  
**Chairman**

*AKM Abdussalam*

.....  
**AKM Abdussalam**  
**Treasurer**

The notes on pages 14 to 20 form part of these financial statements.

## MUSLIM AID

### Cash flow statement For the year ended 31 December 2011

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	2011	2010
	£	£
<b>Cash flow statement</b>		
Net cash inflow from operating activities	2,279,327	3,791,800
Payments to acquire tangible fixed assets	<u>(832,011)</u>	<u>(381,180)</u>
<b>Increase in cash in the year</b>	<u><b>1,447,316</b></u>	<u><b>3,410,620</b></u>

#### Notes to the cash flow statement

##### Reconciliation of changes in net incoming resources before transfers to net cash inflow from operating activities

Net incoming resources before transfers	1,752,799	3,936,385
Add: Depreciation	401,082	180,247
Add: Loss on Disposal	-	47,421
Decrease/(Increase) in inventories	696,531	(758,192)
(Increase) in debtors	(207,711)	(845,573)
Increase/(Decrease) in creditors	<u>(363,374)</u>	<u>1,231,512</u>
<b>Net cash inflow from operating activities</b>	<u><b>2,279,327</b></u>	<u><b>3,791,800</b></u>

##### Analysis of change in net funds

	Opening balance 1 January 2011 £	Cash flow movement £	Closing balance 31 December 2011 £
Cash at bank and in hand	11,686,241	1,447,316	13,133,557

**MUSLIM AID**

**Notes to the financial statements  
For the year ended 31 December 2011**

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**1 Accounting policies**

**a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005) and The Charities (Accounts and Reports) Regulations 2005. The accounting policies below have been adopted for material items.

These accounts include the results and assets and liabilities of the material field offices of Muslim Aid.

**b) Incoming resources**

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when Muslim Aid is entitled to the receipt and the amount can be measured with reasonable certainty. Gifts in Kind for which Muslim Aid accepts full responsibility for distribution are included in income at the lower of cost or market value (in the case of medicines, at the lowest value of the generic equivalent as approved by the WHO) and are included under Charitable Activities at the same value when distributed to beneficiaries. The value of services provided by volunteers has not been included.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

**c) Resources expended**

Resources expended are recognised in the year in which they are incurred.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

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

Charitable expenditure are recognised as incurred.

**d) Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	Straight line over the life of the lease
Freehold properties	5% straight line
Computers and software	25% straight line
Fixtures and fittings	10% straight line
Office equipment	15% straight line
Motor vehicles	15% straight line

**e) Micro credit schemes**

Expenditure on Muslim Aid's interest free micro credit loans are written off under Charitable Activities as it is not intended that Muslim Aid will ever profit from or derive an income from these loans.

## MUSLIM AID

### Notes to the financial statements For the year ended 31 December 2011

#### f) Funds

General funds are unrestricted funds which include buildings and equipment necessary for the proper functioning of the charity and other funds available for use at the discretion of the trustees in furtherance of the charity's objectives.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are funds which are subject to specific restrictions as imposed by the donor or nature of the appeal.

#### g) Shariah and administration costs

The charity complies with Shariah law as provided in the Holy Quran and Sunnah. In addition, the charity does not charge administration costs to Zakah donations.

#### h) Leases

Lease costs are taken to the SOFA on a straight line basis over the term of the lease.

#### i) Inventories

These are valued at the lower of cost or market value. They are supplies received before the year end and distributed after the year end.

2 Donations	Unrestricted	Restricted	Total	Total
	£	£	2011 £	2010 £
Donations received in UK	1,216,388	6,872,097	8,088,485	7,906,208
Gift aid	1,308,385	-	1,308,385	1,409,119
Donations received at Field Offices	38,414	1,259,083	1,297,497	1,149,938
	<u>2,563,187</u>	<u>8,131,180</u>	<u>10,694,367</u>	<u>10,465,265</u>
<b>3 Investment and other income</b>			<b>Total</b>	<b>Total</b>
	Unrestricted	Restricted	2011	2010
	£	£	£	£
Bank deposit profit	77,126	-	77,126	63,976
	<u>77,126</u>	<u>-</u>	<u>77,126</u>	<u>63,976</u>
<b>4 Institutional income</b>			<b>Total</b>	<b>Total</b>
	Unrestricted	Restricted	2011	2010
	£	£	£	£
European Commission	283,316	3,263,827	3,547,143	1,330,946
Humanitarian Organisation				
Dept for International Development	-	-	-	240,174
United Nations Development Programme	-	8,814	8,814	77,649
United Nations Office for the	-	-	-	28,651
Coordination of Humanitarian Affairs				
Helping Hands / ICNA	-	35,571	35,571	70,863
Qatar Charity	-	103,071	103,071	-
United Methodist Committee on Relief	-	73,991	73,991	44,708
NAMA Foundation	-	-	-	50,575
London City Council	-	89,087	89,087	142,540
Other Institutional Grants UK	116,321	2,055,810	2,172,131	1,695,420
Institutional Grants at Field Offices	60,688	6,156,209	6,216,897	4,225,134
	<u>460,325</u>	<u>11,786,380</u>	<u>12,246,705</u>	<u>7,906,660</u>



## MUSLIM AID

### Notes to the financial statements For the year ended 31 December 2011

5 Resources expended	Direct	Staff	Support	2011	2010
	costs	costs	costs	Total	Total
	£	£	£	costs	costs
	£	£	£	£	£
<b>Cost of generating funds</b>	1,004,772	431,034	11,938	<b>1,447,744</b>	1,562,981
<b>Charitable activities</b>					
Emergency relief	18,631,503	586,516	159,693	<b>19,377,712</b>	11,276,153
Education	1,703,462	59,944	16,321	<b>1,779,727</b>	1,238,044
Health Care	2,533,961	106,110	28,891	<b>2,668,962</b>	2,825,495
Economic Empowerment	2,121,574	91,868	25,013	<b>2,238,455</b>	834,138
Water & sanitation	1,327,956	56,726	15,445	<b>1,400,127</b>	916,305
Qurbani/Ramadan	1,441,129	58,478	15,922	<b>1,515,529</b>	1,730,092
Rainbow Family	1,307,441	56,614	15,415	<b>1,379,470</b>	864,897
<b>Total Charitable activities</b>	<b>29,067,026</b>	<b>1,016,256</b>	<b>276,700</b>	<b>30,359,982</b>	19,685,124
<b>Governance cost (see note 6)</b>	<b>90,410</b>	<b>-</b>	<b>-</b>	<b>90,410</b>	62,417
<b>Total resources expended</b>	<b>30,162,208</b>	<b>1,447,290</b>	<b>288,638</b>	<b>31,898,136</b>	21,310,522

Support costs are comprised of Professional costs £28,000, Office costs of £186,000 and Finance costs of £74,000.

6 Resources expended: Governance Costs	2011	2010
	£	£
Trustees Reimbursements, Travel & Hotel	<b>5,240</b>	4,337
External Audit fee	<b>21,000</b>	23,500
Legal and other costs	<b>64,170</b>	34,580
	<b>90,410</b>	62,417

7 Staff cost and number of employees	2011	2010
	Number	Number
FTE employees in the UK during the year were		
Fundraising	<b>20</b>	18
Information Public Affairs	<b>5</b>	6
International Programmes	<b>17</b>	19
Management and Finance	<b>9</b>	8
Corporate Services	<b>10</b>	10
	<b>61</b>	61

The average numbers of employees in Field offices were:

Head count.	<b>1,681</b>	1,591
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Employment costs	2011	2010
	£	£
Gross Pay	<b>1,328,232</b>	1,244,807
Employer's national insurance	<b>119,058</b>	118,986
	<b>1,447,290</b>	1,363,793

No employee earned more than £60,000 during the year (2010: None).

**MUSLIM AID**  
**Notes to the financial statements**  
**For the year ended 31 December 2011**

**8 Tangible fixed assets**

	<b>Leasehold &amp; Freehold buildings</b>	<b>Computers &amp; software</b>	<b>Fixtures &amp; fittings</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>	£	£	£	£	£	£
At 1 January 2011	1,334,391	306,332	197,508	470,528	683,397	2,992,156
Additions	447,773	67,712	19,923	275,054	78,050	888,512
Disposals	(5,861)	(9,091)	(6,302)	(2,169)	(33,078)	(56,501)
As at 31 December 2011	<b>1,776,303</b>	<b>364,953</b>	<b>211,129</b>	<b>743,413</b>	<b>728,369</b>	<b>3,824,167</b>
<b>Depreciation</b>						
At 1 January 2011	86,195	240,388	68,884	217,567	232,810	845,844
Charge for the year	71,063	48,950	24,622	227,656	85,292	457,583
Disposals	(5,861)	(9,091)	(6,302)	(2,169)	(33,078)	(56,501)
As at 31 December 2011	<b>151,397</b>	<b>280,247</b>	<b>87,204</b>	<b>443,054</b>	<b>285,024</b>	<b>1,246,926</b>
<b>Net book values</b>						
At 31 December 2011	<b>1,624,906</b>	<b>84,706</b>	<b>123,925</b>	<b>300,359</b>	<b>443,345</b>	<b>2,577,241</b>
<b>NBV at 31 December 2010</b>	<b>1,248,196</b>	<b>65,944</b>	<b>128,624</b>	<b>252,961</b>	<b>450,587</b>	<b>2,146,312</b>

**9 Inventories**

This mainly consists of undistributed medicines stored in warehouses in various field offices under the control of Muslim Aid.

**10 Debtors**

	<b>2011</b>	<b>2010</b>
	£	£
Gift aid receivable	1,154,371	1,263,494
Receivable from Institutions	1,794,021	1,245,313
Other debtors	146,205	378,079
	<b>3,094,597</b>	<b>2,886,886</b>

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

	<b>2011</b>	<b>2010</b>
	£	£
Other creditors	2,869,110	3,038,356
Accruals	343,314	537,442
	<b>3,212,424</b>	<b>3,575,798</b>

**MUSLIM AID**  
**Notes to the financial statements**  
**For the year ended 31 December 2011**

**12 Restricted funds and Unrestricted funds**

	As at 01-Jan-11 £	Incoming Resources £	Resources Expended £	Fundraising Cost £	Transfers £	As at 31-Dec-11 £
<b>Restricted funds</b>						
Emergency	7,242,402	20,264,350	(19,218,019)	(919,147)	(72,964)	7,296,622
Education	128,974	1,072,830	(1,763,406)	(48,812)	740,329	129,915
Healthcare	92,497	2,294,941	(2,640,071)	(104,417)	394,733	37,683
Economic Empowerment	1,883,107	1,767,025	(2,213,442)	(80,397)	26,664	1,382,957
Water and sanitation	487,773	785,008	(1,384,682)	(35,717)	495,918	348,300
Religious Dues	49,641	2,807,105	(1,499,607)	(83,362)	(1,082,661)	191,116
Rainbow family	345,067	1,317,143	(1,364,055)	(59,928)	(5,936)	232,291
<b>Total Restricted funds</b>	<b>10,229,461</b>	<b>30,308,402</b>	<b>(30,083,282)</b>	<b>(1,331,780)</b>	<b>496,083</b>	<b>9,618,884</b>
<b>Unrestricted funds</b>						
Designated fund						
Fixed Assets	2,146,312	-	-	-	430,929	2,577,241
<b>General Fund</b>	1,874,277	3,100,638	(367,110)	(115,964)	(685,117)	3,806,724
	<b>4,020,589</b>	<b>3,100,638</b>	<b>(367,110)</b>	<b>(115,964)</b>	<b>(254,188)</b>	<b>6,383,965</b>
<b>Exchange Surpluses</b>	-	241,895	-	-	(241,895)	-
<b>Total Unrestricted Funds</b>	<b>4,020,589</b>	<b>3,342,533</b>	<b>(367,110)</b>	<b>(115,964)</b>	<b>(496,083)</b>	<b>6,383,965</b>
<b>Total funds</b>	<b>14,250,050</b>	<b>33,650,935</b>	<b>(30,450,392)</b>	<b>(1,447,744)</b>	<b>-</b>	<b>16,002,849</b>

Support costs have been allocated on the basis of the proportion of expenditure. Fundraising costs have been allocated on the basis of the proportion of the funds raised.

**13 Net assets by funds**

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	2,577,241	-	2,577,241
Net current assets	3,806,724	9,618,884	13,425,608
	<b>6,383,965</b>	<b>9,618,884</b>	<b>16,002,849</b>

**14 Costs and related income**

The charity funds some of its delivery costs from specific income. That is from the sum of gift aid (£1,308,385), bank deposit profit (£77,126), and income from Institutional Funds for that specific purpose (£460,325), totalling £1,845,836.

## MUSLIM AID

### Notes to the financial statements For the year ended 31 December 2011

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#### 15 Related parties

A number of Trustees were Trustees of other charities who have received funds from Muslim Aid. The details are:

##### AGE UK

Name of Trustee	Relationship	£	Purpose
Mehboob Kantharia	Trustee of Age UK Leicester	20,000	Winter Warmth Campaign Partner

##### BALHAM MOSQUE

Name of Trustee	Relationship	£	Purpose
Sir Iqbal Sacranie OBE	Chairman of Board of Trustees	800	Sponsorship for fun day/openday

##### EAST LONDON MOSQUE TRUST/LONDON MUSLIM CENTRE

Name of Trustee	Relationship	£	Purpose
Dr Muhammad Abdul Bari MBE	Chairman of ELM	3,030	Sponsorship events and CRB Checks
		60,609	Rent for office
		<u>63,639</u>	

##### ISLAMIC FOUNDATION

Name of Trustee	Relationship	£	Purpose
Dr Manazir Ahsan MBE	Director General	3,000	Community Liaison
Farooq Murad	Trustee		

##### JAMI MOSQUE & ISLAMIC CENTRE BIRMINGHAM

Name of Trustee	Relationship	£	Purpose
Chowdhury Mueen-Uddin	Trustee	350	Advertisement
Dr Muhammad Abdul Bari MBE	Trustee		

##### MARKFIELD INSTITUTE OF HIGHER EDUCATION

Name of Trustee	Relationship	£	Purpose
Dr Manazir Ahsan MBE	Rector	10,000	Post Graduate Support
M H Faruqi			
Farooq Murad	Director		

##### MUSLIM COUNCIL OF BRITAIN

Name of Trustee	Relationship	£	Purpose
Dr Muhammad Abdul Bari MBE		6,460	Membership, sponsorship of events and adverts
Dr Manazir Ahsan MBE	Chair of Interfaith Relations Committee		
Farooq Murad	Secretary General		
Sir Iqbal Sacranie OBE	Member of Central Working Committee		

##### MOSQUES AND IMAMS NATIONAL ADVISORY BOARD

Name of Trustee	Relationship	£	Purpose
Dr Manazir Ahsan MBE	Member of Executive Committee	2,500	Community Education

##### ZAKAT FOUNDATION OF INDIA INTERNATIONAL

Name of Trustee	Relationship	£	Purpose
Dr Muhammad Jafer Qureshi	Trustee	4,000	Coaching 20 Beneficiaries

## MUSLIM AID

### Notes to the financial statements For the year ended 31 December 2011

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#### 16 Taxation

Muslim Aid is a registered charity and is exempt from corporation tax.

#### 17 Commitments

A) At the 31 December the following expenditure had been authorized and contracted for:

	2011	2010
	£	£
Within one year	-	-

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B) Obligations under operating leases:

Annual obligations under non cancellable operating leases.

	<b>Land and buildings</b>	
	2011	2010
	£	£
Operating lease which expire: Between 2- 5 years	14,280	57,120

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#### 18 Micro credit loans

In accordance with our accounting policy on micro credit loans these are not treated as assets. At the year end the loans outstanding in our field offices totalled £3,555,502 (2010: £4,026,815).