



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

Legal and administrative information

Key Dates

October 2016	17 October: Charity Commission appointed an Interim Manager to assume responsibility of the charity
December 2017	29 December: new CIO incorporated and assets and liabilities transferred
February 2018	1 February: Appointment of the new Board to take control from the Interim Manager
	5 February: Interim Manager discharged by the Charity Commission

Board of Trustees

Iftikhar Ahmed Awan (Chairman)	Appointed 1 February 2018
Sara Pantuliano (Vice Chairman)	Appointed 1 February 2018
Javed Akhtar	Appointed 1 February 2018
	Resigned 21 September 2018
Aaqil Ahmed	Appointed 1 February 2018
Mohammed Abdul Aziz	Appointed 1 February 2018
Kawsar Zaman	Appointed 1 February 2018
Habibunnisha Patel	Appointed 1 February 2018

Interim Manager

Michael King, Stone King LLP

Appointed by the Charity Commission on 17 October 2016, discharged on 5 February 2018

Senior Leadership Team

Jehangir Malik OBE	Chief Executive Officer - Appointed 19 September 2016
Mahmoor Siddiq	Chief Operating Officer - Appointed 2 April 2017
Shoaib Sheikh	Director of Finance – Appointed 1 May 2017
Imtiaz Mohammed	Director of International Programmes – Appointed 3 July 2017
Zac Hussain	Director of Business Development – Appointed 5 June 2017

Registered Office

PO Box 3
London
E1 1WP

Charity number

295224

Bankers

Lloyds Bank plc
Habib Bank AG Zurich
Al Rayan Bank

MUSLIM AID, TRUSTEES REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Solicitor

Simons Muirhead & Burton LLP
8-9 Frith Street
London W1D 3JB

Auditor

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

About Muslim Aid

Who we are

Muslim Aid is a UK-based international relief and development agency. Muslim Aid has been working for over three decades to help save and improve the lives of millions of people in over 27 of the world's poorest countries.

Our Mission

In accordance with our faith based values, we will work to enable communities to cope with disasters and to become self-sufficient through sustainable development.

Our Vision

Working together for a world without poverty.

Our Values

As a faith based international NGO, Muslim Aid draws upon a rich heritage of social action and working with various communities to improve the lives of others in need. Muslim Aid commits itself to working with:

- Compassion and justice (*Ru'ufun* and *'Adl*) in all of its actions.
- Accountability and transparency (*Muhasabah* and *Shafafyah*) to all of our stakeholders, especially the communities we work with.
- Action with quality (*Amal m'a Jawadah*) – our programmes reflect and fill a gap identified by the communities we work with, with longer-term actions based upon need and capacity.
- Respect for rights, dignity and equal opportunity (*Karamah* and *Sawaseyah*) of all peoples.
- Empowerment (*Tamkeen*) - empowering communities and individuals to reach their full potential

Inspired by our faith, we work with an inclusive approach to all peoples, regardless of their faith, race, ethnicity, age and ability.

Our Objectives

The Charity's objectives are exclusively for the public benefit and are essentially to:

- Deliver an effective emergency response globally
- Secure sustainable livelihood opportunities for the marginalised and the poorest communities
- Provide access to quality primary education especially for girls

- Improve access to MNCH (Maternal Neonatal Child Healthcare) and primary healthcare services

What we do

Working in over 27 countries across Africa, Asia and Europe, Muslim Aid is striving to help the poor overcome the suffering endured due to natural disasters and lack of life's necessities. We work with all those in need, regardless of their race, religion, gender, nationality or political persuasion.

Whilst responding to emergencies is one of our major priorities, we also work on strategic programmes to eliminate poverty that focus upon:

- Humanitarian/Emergency Response
- Education
- Healthcare
- Livelihood

These projects ensure that individuals can have access to necessities and the skills necessary to generate an income so that they are not permanently dependent on aid agencies for food and shelter.

Where we work

Muslim Aid operates a network of Country Offices. These are set up either as locally registered NGOs that prepare their own accounts, or they have an international registration and operate as branch offices. As both these types of offices also act as branch offices for Muslim Aid to deliver the Charity's objectives, these accounts are also incorporated into the final Muslim Aid financial statements.

Funds are transferred from Head Office to the local offices, although some of the larger Country Offices also run additional programmes financed by local institutional donors.

Staff at Head Office liaise with the local Country Office staff to help develop and monitor the programme activity.

We operate in the following countries as either Branch Office, local entity or dual entity:

Bangladesh, Bosnia, Cambodia, India, Indonesia, Iraq, Jordan, Lebanon, Myanmar, Pakistan, Philippines, Somalia, Sri Lanka and Sudan.

Who we work with

The number of community based humanitarian organisations that Muslim Aid works with has grown constantly. We are committed to a partnership based approach to poverty eradication and empowerment. We also work for, or as part of, a consortium for a

variety of international donors including ECHO, EU, WFP, IDB and UNDP amongst others.

Volunteers

Volunteers play an integral role in the operations of the charity.

We work with volunteers who give their valuable time, expertise and know-how in fundraising events including treks and challenges, mosque and street collections and community events. In the UK these volunteers are mainly based in London, Birmingham, Manchester, Bedford and Luton.

At Muslim Aid we are committed to developing and upskilling our Volunteers and have various Accreditation and Reward programs in place to show our heartfelt appreciation for what they do.

The Trustees are particularly grateful for the selfless manner in which the volunteers apply themselves and the immeasurable good that is derived as a direct result of their work. Muslim Aid; as a part of its Volunteer Partnership Programme, conducts stringent due diligence prior to deploying any volunteers.

Our volunteers also support charitable activities and community events. Some of the activities supported by volunteers are soup kitchens, winter-warmth-kit-distributions, interfaith meetings to promote understanding of different faiths and advocacy work.

Community activities include partnership events such as Act of Kindness with the Salvation Army, Community Clear up with Tower Hamlets Council - all helping to raise the profile of MA in the Community.

Our Achievements and Performance in 2017

Globally, Muslim Aid's strategy focuses our resources on 'serving humanity' through 'transforming lives' implemented by our humanitarian and development programmes. We continue to focus our efforts to empower the poorest and most marginalised, regardless of race, gender, religion and ethnicity. Guided by the SDG's (Sustainable Development Goals), and the values and teachings of Islam, our programmes have reached over 7 million individuals across the world in 2017.

Humanitarian Programme

Muslim Aid responds to most major emergencies triggered by conflict and natural disasters worldwide. Our staff are among the first on the ground having unique access to areas other organisations do not. In 2017 Muslim Aid secured nearly £9m in emergency funds from a diverse funding stream of Institutional donors, including UMCOR, UNHCR, WFP, IOM, plus funds generated from Muslim Aid fundraising campaigns. In the Middle East alone, our trusted team implemented 66% of the emergencies funds which supported over 2.8 million people affected by natural disasters and protracted crises.

A global total of more than 3.1 million individuals were reached in 2017 with lifesaving humanitarian assistance. This included providing hygiene kits, food and shelter to people affected by floods and landslides in Bangladesh, Nepal and Sierra Leone and an earthquake in Iran. We also funded food and non-food provisions for refugees in Bangladesh who fled violence in Myanmar and supported healthcare and the provision of prostheses for casualties of bombing in Syria.

To ensure full oversight of project implementation the programmes team conducted field monitoring visits as well as rapidly deploying personnel to provide technical support to the design and implementation of Muslim Aid relief responses. Our emergency teams work to improve community resilience in disaster prone areas and we are determined to continue strengthening practices in Disaster risk reduction to some of the world's most vulnerable communities.

Bangladesh

Amongst flooding and landslides triggered by monsoon rains, our emergency teams on the ground delivered over £500,000 worth of assistance across Bangladesh. In Sunamganj District, staff responded

to flash flooding by providing families with hygiene kits and cash grants to assist recovery. This project, worth **\$99,997** was funded by the United Methodist Committee on Relief (UMCOR) reaching 1,337 families. Data showed that families spent the majority of the cash grant on food, clothes and medicine. Following tropical storm Roanu, Muslim Aid Bangladesh stepped up to provide early recovery support to households affected in Cox's Bazar & Bhola districts. As the result of a consortium led approach and funded by ECHO, Muslim Aid Bangladesh was granted **395,214 Euros** to provide 2,699 households with unconditional cash grants and Cash for work, alongside community latrine renovations, tube-well renovations and WASH sessions for community members.

Somalia

The humanitarian situation in Somalia continues to deteriorate at an alarming rate and a sharp rise in displacement due to drought and conflict is taking place across the country. An estimated 444,000 people have moved from their homes in search of food, water and safety, mainly from rural to urban areas. In response Muslim Aid and Muslim Aid Australia co-financed a project worth **£321,248** to support 450 households in Harfo and Goldogob affected by drought. Families received food parcels consisting of rice, flour, sugar, vegetable oil and milk powder. In addition, **£65,390** was secured from UMCOR to provide much needed support to 400 households in Mogadishu, Kismayo and Somaliland. 80% of beneficiaries reached were drought affected Households. Food vouchers were distributed to tackle critical levels of acute malnutrition in these areas and provide much needed relief for families.

Myanmar

In Myanmar approx. £662K worth of assistance was provided during the year. Of this at least £383K was part of emergency interventions particularly in Rakine state through 9 active projects. Interventions tackled food, shelter and WASH - and distributions were carried out of non-food items. This was in response to the human and natural disasters the country experienced throughout 2017. Muslim Aid is one of the very few INGO's registered in Myanmar, this enables the team access to some of the most vulnerable and hard to reach communities in the world. The team secured a number of institutional grants; including UMCOR, World Federation Aid and The Afif charity, alongside an extremely successful Ramadan campaign, which enabled Muslim aid to support over 180,000 individuals with emergency relief.

Palestine

Living conditions in Palestine continue to deteriorate. In 2017, Muslim Aid's trusted partners based in

Palestine, implemented two projects worth **£162,573** reaching over **9,000** individuals, as continued response to the conflict. Emergency community based rehabilitation services were provided to **1,297** children to address the needs of children with disabilities. In total 24,698 different rehabilitation sessions were conducted. **£31,000** was raised through Muslim Aid fundraising campaigns to provide psychological aid for the victims of conflict. The project supported over **4,000** beneficiaries by providing specialist training for social workers and trainers, as well as having funded in-home therapy/counselling sessions for children and their families, provided psychosocial education sessions for parents and teachers and facilitated outdoor activities for children to help provide positive reinforcement.

Jordan

Jordan has been directly affected by the Syria crisis, with the second highest share of refugees compared to its population in the world. The majority of Syrian refugees in Jordan live in urban areas with many living below the poverty line. Muslim Aid staff in Jordan supported 10,375 Syrian refugees with food parcels, and distributed in-kind donations of clothes, shoes and blankets directly in the camps throughout 2017.

Qurbani Programme

Every year, Muslim Aid carries out Qurbani sacrifices around the world on behalf of its donors and distributes the meat to the poor. In 2017, **£676,520** was utilised to provide over 200,000 families with fresh and canned meat. The final income for 2017 was over **£669,810**. This large-scale distribution programme took place in 23 countries, including Bangladesh, Pakistan, Palestine, Somalia, Sudan, Afghanistan and many more. Our dedicated staff of 10 Country Offices and 19 Partner Organisations ensured distribution occurred at the time of Eid ul Adha.

Ramadan Programme

The objective of Muslim Aid's Ramadan programme is to feed people who are most in need. This year's total income was **£517,289** (this was made up of **£336,163** for Feed the Fasting, **£97,699** for Zakatul Fitr, **£76,700** for Fidya and **£6,727** for Kaffara). Under this year's Ramadan programme, Muslim Aid delivered **33,267** food packs, consisting of rice, oil, pulses, tea, sugar and other items based on the need of **131,834** beneficiaries. These vital food packs supported those fasting to break their fast without needing to worry about finding the funds for their families' meal. The programme was

successfully implemented in 26 countries through 15 Country Offices and 19 Partner organisations.

In 2017, efforts were expended to ensure that programmes adequately covered support to those Internally Displaced Persons (IDPs), refugees and returnees whether in camps or in urban settings who are not receiving support from other humanitarian agencies. In Somalia, the 2017 drought left many people facing food shortages. Muslim Aid distributed meat in 8 districts supporting over 30,000 family members, many of whom are currently displaced. Following the heavy rains across Pakistan, Bangladesh, India and Sri Lanka, Muslim Aid distributed in total 3,802 food packs reaching over 47,000 individuals, many of whom had been directly affected by the Monsoon.

International Programmes

Muslim Aid strives for a world without poverty through its programmatic approach. When shelter is provided, we also implement skills training and income generating programmes to ensure communities can become self-sufficient. When a livelihood project is implemented, we will also train communities in Disaster Risk Reduction to reduce the loss of livestock/crops from future natural disasters. Muslim Aid contributes to the UN's Sustainable Development Goals (SDGs) 1, 2, 3 and 4. We work to empower local communities through inclusive and participatory methods to help them become self-sustaining.

In 2017, **2.8 million** individuals and their families were reached through Muslim Aid's long term development projects.

Education

Quality education is key to improving life opportunities, but access to education varies greatly around the world. Girls in particular often face multiple barriers impacting their access to education, including, lack of sanitation facilities, lack of female teachers, long and unsafe distances to schools. Muslim Aid's goal in education is to provide access to quality primary education; especially for girls.

In Pakistan, our education programme addressed the lack of quality and access to primary education and low enrolment rates. **Over 800** children, teachers and parents from 7 primary schools in Punjab benefited from infrastructural improvements, including classroom upgrades and WASH facility improvements. Distribution of school scholastic materials, pupil health checks and stationary also took place. A key component of Muslim Aid's

education projects is to ensure a participatory approach is taken when implementing the programmes. This is to ensure sustainability of children's enrolment and that quality education is upheld. All community members, parents, and teachers took part in workshops and meetings throughout the project to raise awareness of the rights of a child, especially girls, to quality and safe education. This participatory method was also used in Myanmar, Cambodia and Sri Lanka, ensuring additional 6,050 children benefitted from an improved learning environment.

Another crucial factor impeding education is the inability of families to afford to feed children whilst they attend school. To address this, Muslim Aid has continued its collaboration with the World Food Programme (WFP) and the Government of Bangladesh to provide 63,936 children with high food energy biscuits and nutritional supplements.

Determined to deliver long-lasting access to opportunities through education, Muslim Aid reached over **380,000** children and their families in 2017.

The Rainbow Family Programme

This year the Rainbow Family Programme celebrated 10 years of operation. During this time, the programme has supported over 7,000 orphaned and vulnerable children to access compulsory primary and secondary education. A social media campaign was activated to share the 10 years of success; this campaign included the sharing of testimonies of children who had graduated from the programme, live Facebook feeds from staff in Gaza and the sharing of experiences of dedicated donors.

The programme continues to contribute to the UN's 'Sustainable Development Goals' (SDG). The primary objective is to alleviate the suffering of children across the globe by providing better opportunities through Conditional Cash Transfers to be used for education, regardless of the child's status, race, religion or gender. Alongside cash, the programme provides support through mentoring and keeping children safe through protection initiatives. In 2017, the programme was implemented in 17 countries through 20 implementing offices, both Muslim Aid country offices and partners. 5,735 children were supported directly and an additional 28,675 family members benefitted. 313 children in total, successfully completed the programme and are pursuing higher studies or employment. A 95% enrolment rate, globally, was achieved and Rainbow Family children were engaged in a number of additional activities including; handwashing sessions, health assessments, Eid gifts and sporting activities,

During the reporting period, the programme team conducted 2 field visits (South Africa and Cambodia) to monitor the implementation of the programme. As part of the 10-year milestone, the team conducted an Outcome Assessment based on the data collected over the years on the reasons why children had exited the programme. Results highlighted that of the 1,414 children who had exited the programme 'Completing Education' was the highest single reason given for children exiting the programme at 22.5% of the total. Other reasons included; relocation, child marriage and school drop outs. As part of a series of initiatives to improve the MEAL element of the programme, the paper aims to be used as a stepping stone for further programme assessment, evaluations and subsequent interventions.

Healthcare

In many parts of the world, many deaths are caused by infectious diseases, complications during pregnancy and childbirth, or malnutrition. Often these deaths can be prevented with access to proper healthcare, improved hygiene practices and better nutrition. Muslim Aid focuses on enabling access to basic Primary Healthcare (PHC) and Mother and Child Health (MNCH) facilities – including access to medical personnel, medication, vaccinations and nutritional support for malnourished children. **£2,003,477** of resources were utilised to support Muslim Aid's 2017 health interventions in 11 countries worldwide, supporting 1.5 million people and their families.

In Palestine, access to quality healthcare is limited for most of the population. Muslim Aid supported the management of malnutrition in 9,250 children between the ages of 0-5 in the southern governorates of Gaza. In Somalia, 8 health clinics were established, benefitting 1,000 individuals and 5,000 family members. Tuberculosis (TB) was a public health emergency in Somalia 2016/17. In partnership with UNICEF, the team in Somalia developed a project that would aim to reduce the TB burden in the country, particularly among poor and vulnerable populations. The project had an emphasis on accessibility, affordability, quality, equity, and sustainability in line with the global Stop TB Partnership targets.

In Lebanon, 2017 saw the completion of a Maternal, Neonatal and Child Health (MNCH) project worth just over £55,000 and funded by Muslim Aid. The intervention provided primary health care services in vulnerable communities for 3,010 patients in Shebaa /Arkoub. Support was provided in the form of antenatal and postnatal care and medication for preventable diseases such as mumps and measles and diarrhoea and colds.

Access to clean drinking water remains a major challenge for many of the world's poorest communities. Muslim Aid has been successful in building a variation of wells and other water infrastructure, including latrines. In Cambodia, £66,591 was granted by Muslim Aid Australia, to improve 4,865 families' health through the provision of water wells and latrines.

Our aim in 2017 was to not only continue providing primary healthcare but to offer preventative health intervention programmes wherever possible.

Livelihoods

Muslim Aid believes one of the foremost ways out of poverty is to focus on building sustainable livelihoods, to reduce dependency on aid and to allow individuals and their families to become self-sufficient. However, employment inequalities are widening around the world. Our livelihood support programmes in 2017 supported over 270,000 of the most disadvantaged people to help them generate an income.

Muslim Aid in Bangladesh helped flood affected communities to protect their livelihoods by supporting them with creating small businesses to raise their income and have the resources and knowledge to protect their livestock if flooding affected their area once again. Muslim Aid continues to invest in agricultural projects. In Bosnia it helped to alleviate poverty through greenhouse vegetable production. This project, co-financed by Muslim Aid, Latter-day Saints Charities and the City of Banja Luka-Centar, provided skill training and greenhouse equipment with irrigation systems for economic empowerment for vulnerable families in 20 Municipalities. This is a unique project whereby the total project beneficiaries (400) contribute to the project through cultivation of vegetables, in a rotation system.

In Sri Lanka, Muslim Aid worked with 5,769 women, youth and men in a variety of livelihood projects. There was a focus on strengthening household's economy through dairy farms and the restoring of the livelihoods of communities that had been affected by the 2017 floods. Activities included training in livestock management and market linkages, integrated with Disaster Risk Reduction (DRR) to build their resilience to flooding.

In addition to rural programmes, Muslim Aid has also been working to improve the skills and employability of women. In Sudan, with the support of the European Commission, we completed a project in 2017 working with 1,650 of women to set up 66 female-only income generation associations (IGAs) which provide skills training around livestock management. In Myanmar, women groups were

trained in soap making as part of the creation of local businesses in addressing social issues. The women group worked together in a coordinated approach, increasing production and the supply chain. This demonstrated the importance of value chain from production to consumption and enhanced community cohesion.

Microfinance

Muslim Aid's Islamic Micro Finance programme has continued to reach over 62,000 people directly in Bangladesh, Pakistan, Sudan, Cambodia, Indonesia and Sri Lanka during 2017. The programme has continued to economically empower poor and low-income earners enabling self-sustainability. The beneficiaries have been provided training in: animal rearing, livestock, horticulture and much more with access to market and business training.

Muslim Aid Bangladesh (MAB) commenced its Micro Credit Programme in 1993. MAB has been implementing Micro Credit Programmes and Small & Medium Enterprise Programmes for about two decades and today the programmes span 31 districts through 51 branches. The vast majority of clients are women. The total value of client loans at the end of the year was £4,049,213 which is mostly split between RMB (Rural Micro Businesses) and SME (Small Medium Enterprise) clients. The total number of clients is approximately 43,000.

In Sri Lanka over 4,000 clients have had access to loans in a number of branches in the North of the country. Many clients, with the help of both business training and markets linkages have been able to open small 'tuck' shops, sewing businesses and invest into their existing poultry and dairy farming business. The current portfolio in Sri Lanka is worth £282,000. In Cambodia 818 clients took loans in 2017, which directly benefitted themselves and 4,090 family members. Many clients have used their loans to support their existing agriculture business. The current portfolio in Cambodia is £85,485.

Iraq

In February 2018, the field office in Iraq was closed due to operational and regulatory difficulties, which has resulted in a lack of access in Iraq to documents, records and explanations to determine the financial performance and position of the branch for inclusion within the 2017 financial statements. See note 19 in the Financial Review for full details.

Kenya

In 2017 the field office in Kenya was closed after a cost benefit analysis, with the remaining net assets gifted to a local NGO during the year. Due to

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insufficient access to documents, records and explanations required to determine the financial performance and position of the field office in 2017 the Kenya branch has also been excluded from these financial statements. Opening fund balances have also been written off in the year as these are no longer in the possession of Muslim Aid.

Comparative information for Kenya and Iraq has not been adjusted in these financial statements. See note 19 in the Financial Review for full details.

UK Programmes

Winter Project

As a precursor to Muslim Aid's domestic programmes, our winter campaign has allowed us to work with large organisations such as Crisis and Streetlytes to provide food and 'winter kits' to homeless people across the UK. MA's work in the UK reaches many different people – from homeless and elderly people in need of food or items such as warm clothing during winter, to bringing people of different faiths together to stand in solidarity against poverty and violence. A total of 500 Keep warm kits were distributed.

Qurbani

Through the allotted 128 UK Qurbanis (up from 125 in 2016), Muslim Aid served 1,082 (2016: 541) vulnerable individuals around the UK with the provision of fresh meat. Almost 700 kilograms of meat were provided to individuals in need. Beneficiaries were identified through needs assessments and partner organisations.

Grenfell

Muslim Aid and other Muslim charities were swift to respond. Within 24 hours we coordinated with local mosques, churches, trusts and refugee centres in the local area to provide meals, medication, hygiene kits and blankets at evacuation centres, and to provide therapists, doctors, translators and legal representatives where required. We continue to support the Grenfell Muslim Response Unit (GMRU) with on-going support for the affected communities.

Fundraising Highlights

Muslim Aid's fundraising approach consists of a number of key components ranging from community fundraising, corporate fundraising and major gifts. These form part of the three major campaigns throughout the year which are Ramadan, Qurbani and the Winter campaign. They are also implemented throughout the year to maximise reach, engagement and revenue.

Community fundraising is our main approach based on the experience, know-how, trust and loyalty we have developed with our donors and supporters over the years. Corporate and major gifts are new areas we are venturing into to help us tap into corporate social responsibility as well as high net donors to drive retention and incremental revenue.

All key internal stakeholders such as fundraising, international programmes and communications, work collaboratively as a team to ensure transparency across the board. This enables us to focus on the right project on the ground, select the right country, identify and implement the right fundraising activity and to enhance engagement and revenue, through digital marketing and media platforms to continue to showcase our work and impact.

Some key achievements:

- Winter campaign - 'Big Food Drive' in partnership with Crisis during December to provide food for homeless people in London over Christmas.
- Distributed over 600 winter rucksack kits filled with sleeping bag, thermals, hats, gloves etc. for the homeless.
- Ramadan Campaign:
 - Feed the fasting – 1.6m meals were distributed
 - Rainbow family – 5,559 children supported around the world
 - Prosthetic limbs clinic – 3 prosthetic limb construction facilities in Turkey and Syria
 - Bangladesh livestock – 220 families received livelihood support
 - Gaza water stations – 50,000 people received clean drinking water, daily
 - Myanmar crisis – 1.4m meals provided
- Flagship events such as Iftar at the Shard with key supporters to frying the largest samosa in

the world weighing in at 153kg to feed the homeless in partnership with the salvation army.

- Grenfell Response – Muslim Aid and other Muslim charities were swift to respond. Within 24 hours we coordinated with local mosques, churches, trusts, and refugee centres in the local area to provide meals, medication, hygiene kits and blankets at evacuation centres, and to provide therapists, doctors, translators and legal representatives where required
- Muslim Aid in the Media – There was media exposure for: Grenfell, Peace Walk, World's largest samosa, Visit to Myanmar and Mosul, Abrahamic Initiative and Mitzvah Day (interfaith events) across mainstream media outlets as follows:

Channel 4 News - BBC - BBC Breakfast (on the sofa) - ITV - Sky News - CNN - Al Jazeera News - BBC East Midlands - ITV London - BBC Radio 4 Today - BBC Up All Night - BBC 5 Live - BBC Focus on Africa - The Times - Daily Mail - Press Association - The Guardian - The Telegraph - The Independent - Evening Standard - The Mirror - Jewish Chronicle.

Muslim Aid have subscribed to the Fundraising Regulator to continue to improve fundraising standards and build public trust. Whilst the Fundraising Regulator is two years old, they have been active in supporting charities on some of the following:

- Updates on code of fundraising practice
- Best practices within charity sector organisations
- Consultation topics on data protection and GDPR, complaints handling and online fundraising platforms
- Governance

All fundraising activities have been implemented in line with our fundraising standards. Regular monitoring of events enabled us to drive a healthy ROI (return on investment) through better level of accountability and VFM (value for money) options to maximise net revenue.

Based on internal policies and standards, all aspects of fundraising were implemented in line with the relevant guidelines such as the data protection act to protect donors, avoid unnecessary pressure to give money or emotionally blackmail to generate revenue.

55% of donors have donated to 'where the need is greatest'. This demonstrated the level of trust and

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brand loyalty to Muslim Aid, as donors were happy for Muslim Aid to make the decision on their behalf.

One key concern for the charity has been on donor response time and internal training & development for our workforce. They have been addressed and we are working towards a solution to continue to drive donor engagement / brand loyalty as well as equipping our workforce with the right skills, knowledge and motivation to enhance productivity across the board.

As an experienced fundraising team, we subscribed to fundraising standards on a yearly basis and submitted annual report on volunteers, complaint procedures etc. We had never experienced any issues with the fundraising standards.

We have always been very pro-active in protecting vulnerable people and other members of public and therefore relevant code of conducts and training were delivered to protect vulnerable people.

Plans for the future

The Charity is committed to maintaining the organisational improvements which have been seeded through the considerable work already undertaken.

A thorough review of the field offices and overseas fundraising offices (in Sweden and USA) is underway and will continue to be done in order to ensure that operating costs are minimised and commensurate with effected and compliant aid delivery.

The Charity reviewed its IT systems and made a decision to invest in a small scale ERP system to support the integration of major business processes and functions. This will ensure that it maintains effective and efficient operations compliant of all regulatory and statutory encumbrances.

The Charity committed to a new strategic plan (2016 – 2020) to guide the Charity through the next 5 year phase with a focus firmly on the beneficiary. The plan is undergoing a mid-term review and will be updated accordingly.

This strategic plan will reinforce the Charity's declared objective of 'serving humanity' through transforming lives with our unique set of programmes focused on empowering the poorest and most marginalised. The strategic plan is based on the results of a wide-ranging consultation at all levels within the organisation.

The goals have been based upon Muslim Aid's four Core Thematic Areas:

- Humanitarian / Emergency Response
- Sustainable Livelihoods
- Education
- Healthcare

The strategic plan has taken into account the 17 Sustainable Development Goals (SDGs) adopted by the international community aimed at eliminating extreme poverty in our lifetime, in particular focusing on:

- Ending poverty in all its forms
- Ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture
- Ensuring healthy lives and promoting well-being for all at all ages
- Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

Providing WASH interventions will be a part of all programmes as it is a basic foundation for family security, health, education and livelihoods.

In addition to the SDGs, the goals and objectives of the strategic plan have drawn heavily from the national development plans and also the priorities of the Charity's field offices.

The Charity will further benefit through being able to,

- Deliver an effective emergency response globally
- Secure sustainable livelihood opportunities for the marginalised and the poorest communities
- Provide access to quality primary education especially for girls
- Improve access to MNCH and primary healthcare services
- Increase income from diversified sources by increasing fundraising capacity

The above will ensure that Muslim Aid is an effective, transparent and accountable organisation to all its stakeholders.

Much of the future work is aligned to the Charity Commission (CC) Action Plan which covers key areas around Compliance, Financial Management, and Good Governance.

Muslim Aid has already met its first reporting deadline of 24th October 2018 and is confident of meeting its obligations as set out in the two year CC Action Plan.

Examples of progress made were the introduction of a more robust partner selection process with site visits, monitoring documents, enhanced due diligence, recruitment of qualified staff and stronger oversight. This process was coupled with the introduction of access to the World Check database as an additional due diligence mechanism. Muslim Aid has also created a new compliance function headed up by a legal professional consisting of four distinct roles, Safeguarding, Procurement, Data Protection and general compliance.

Risk Management

It is noted that the Charity operates in inherently unstable environments across the world and this generates potential major risks to our personnel and volunteers and also to our financial sustainability, including the stability and security of income.

The major strategic and operational risks that Muslim Aid is exposed to and the ways in which these are being monitored, managed and mitigated are regularly assessed by the Senior Management Team. The assessment is reviewed by the Audit and Risk Committee and then passed for consideration to the Board of Trustees.

The process identifies the types of risk that the Charity faces, records them on the strategic risk register and prioritises the risks in terms of likelihood of occurrence and potential impact.

During the year the following areas were under particular consideration:

Banking and regulatory restrictions

The main risks were considered to be restrictions on fund transfers to certain countries and the potential loss of banking facilities. Mitigation measures included strengthening relationships with banks, being sensitive to their concerns, awareness of changes in overseas transfer requirements and developing multiple payment options.

Loss of key competences in human resources

In particular, the resignation of staff with short notice can cause a loss of institutional memory, impact on operations and lower staff morale. This can be managed by effective staff consultation, improving written records, effective handover procedures and fast tracking the recruitment process.

Organisational structure

Following October 2017 a formal change process was initiated leading to a UK wide consultation and subsequent organisational restructure. This was completed in January 2018 giving rise to operational alignment and greater efficiencies. Key alignment efforts were built around a consolidation of the International Programmes teams, a new vision for fundraising and communications with better strategies for support functions taking into account changes in the external environment, regulatory requirements and clear terms of reference for departments and staff.

Compliance with regulatory requirements

Muslim Aid have also invested in a compliance function to ensure all aspects of compliance and standards are being managed effectively to continue to build public trust and to drive transparency and governance within the organisation. All fundraising activities go through a stringent process to ensure a business case proposal is submitted with rationale of the event, expenditure, income projection, programme, communication and press & media requirements - as well as relevant due diligence on stakeholders in line with our policy.

We work very closely with all stakeholders (internal and external) and review compliance, branding and legal queries as required for the betterment of the organisation.

We have received complaints on our 'dig-a-well' project from 2016, which were resolved amicably with all relevant donors. The nature of the complaint was delayed implementation of the project that was caused due to external factors i.e. contaminated land in Bangladesh. We had communicated the status and progress to our donors and provided three alternative options – 1) transfer donations to like for like projects in other countries, 2) wait until the contaminated land issue was resolved or 3) provide a full refund.

As part of our GDPR compliance process, we have established a security-conscious workflow and adequate administrative data & technical measures to protect personal data. We are establishing thorough controls over the entire IT infrastructure, building healthier data protection workflows and streamlining security monitoring to better manage what is going on across our network.

We have gone through the audit process to minimise the data we collect and hold, better organise data storage and refine our data management process. We now have a fine-tuned database of highly relevant supporters / donors that genuinely want to hear from us and has genuine interest in our brand.

The GDPR process enabled us to build a better level of relationship with the donors that are keen to hear from us and receive updated information about our campaigns and how they can be part of our journey by supporting as required. As donors are becoming more and more conscious about how their data is being handled, we have been transparent and have taken a proactive approach to build trust in our brand.

The lack of full compliance with the latest statutory or regulatory requirements could result in restrictions on governance and institutional relationships, potential fines, limitations on income and negative media publicity. Measures taken to offset and control this risk include a raising of awareness of the relevant legislation and regulations, working closely to communicate all issues with staff and regulatory bodies and, in the case of any occurrence of this risk, to take appropriate legal advice to deal with the matter both promptly and transparently.

Structure, Governance and Management

Interim Manager

On 17 October 2016 the Charity Commission appointed Michael King of Stone King LLP as Interim Manager of the Charity. The Commission had been in discussion with the Trustees about the appointment for some time.

The appointment was considered as a positive step to address the remaining compliance and governance issues arising from the earlier statutory inquiry into the Charity.

This appointment was for an interim period with the Board and all associated committees, mentioned below, handed over to Michael King at this date.

The Interim Manager assumed full responsibility as the sole trustee and began the process of appointing a new Board of Trustees. Together with the CEO, the IM sought the views of a variety of people from the Muslim community and also from international relief organisations ranging from Islamic Relief Worldwide to CAFOD and from the Disasters Emergency Committee to Oxfam. A Review Committee was established to advise on the process, comprising entirely Muslims and chaired by a prominent CEO. A new constitution was established based on the CIO model as advised by the Charity Commission. Following an open recruitment process (in which 68 people applied) a shortlist of 12 candidates was created and finally 7 people, including 6 Muslims and 1 Catholic, 5 of them male and 2 females were appointed. All confirmed that they would abide by the ethos and vision statement.

Board of Trustees

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.

The Board of Trustees is made up of 7 trustees with new Trustees being recruited by an open process through the board, through their network of contacts with CVs reviewed at Board meetings. New Trustees must be endorsed by two thirds of the Board and are appointed for a 4-year term. They are eligible for re-election for a maximum of 3 terms.

All new Trustees are given a copy of the CIO and audited accounts to assist them in their role.

Induction meetings are arranged by the Executive Committee to give the new Trustee information regarding the roles and responsibilities of the Board and its associated committees and also to supply details of any current issues facing the Charity.

The Trustees are responsible for all matters pertaining to governance of the Charity and policy making. Muslim Aid's management is responsible for implementing programmes and projects approved by the Trustees in an efficient and transparent manner, within its policy framework, thus fulfilling the stated aims and objectives of the Charity.

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

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements for each financial year in accordance with the law applicable to charities in England & Wales.

The Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP (FRS102)).

Under Charity Law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity, its income 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; to observe the methods and principles in the Charities SORP (FRS102);
- Make judgments and accounting 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 operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and 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.

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.

So far as each of the Trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Each Trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees have exercised due diligence and care in protecting the integrity of the Charity and its reputation and have reviewed the financial accounts placed in the public domain in line with the legislation in the United Kingdom governing the preparation and dissemination of financial statements.

The Trustees take this opportunity to thank Muslim Aid stakeholders, in particular our generous donors and benefactors and staff for their support and faith in Muslim Aid's commitment and ability to deliver relief and development programmes where needed most.

Staff, volunteers and friends remain steadfast in their resolve to work for the service of humanity.

Trustees are appointed in accordance with the CIO. New Trustees are appointed by the Board based on their relevant experience and expertise which can enhance the governance of the Charity.

New Charity Governance Code

The trustees are aware of The Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The charity is reviewing its current governance arrangements against the principles within the code and will address any issues raised where required in 2019.

Public benefit

The Trustees confirm that they abide by the Charity Commission's general guidance on public benefit in accordance with the Charities Act 2011 to have due regard to public benefit in pursuance of the Charity's objectives and activities as described above in "About Muslim Aid".

Committees

Finance Audit & Risk Committee

The Finance Audit & Risk Committee is a key subcommittee, comprising non-Trustee as well as Trustee members. Was chaired by Javed Akhtar, until his resignation on 21st September 2018, and supported by the Finance Director. Recruitment is planned to include additional independent members.

The key duties of the Committee are as follows:

- Investigate any activity within its terms of reference.
- Review the Charity's financial statements before submission to the Board.
- Oversee the internal control and risk management function within the Charity including procedures for detecting fraud, monitoring the effectiveness of the systems for the integrity of the Charity's internal financial controls and assessing the effectiveness of the risk management framework.
- Seek any information that it requires from any employee of the Charity.
- Obtain outside legal or independent professional advice, at the Charity's expense, if necessary.

The Committee also considers the financial plans and performance of Muslim Aid and the cost effective and efficient operation of the Charity.

Governance & Strategy Committee

The Governance & Strategy Committee was placed on hold during this year and major decisions around Muslim Aid's Constitution were left to the CEO and the IM. With the support of the Charity Commission the IM was best placed to oversee the Charity's accountability framework and ensure that the highest standards of efficiency prevail. The process is now underway to recruit an independent strategic consultant to guide the organisation through a new process that seeks to widen stakeholder engagement across the Charity.

Programme Committee

Chaired by the vice chair, it is charged with ensuring Muslim Aid has the continuing capacity to respond to emergencies and disasters worldwide. Similarly, it supports the programme strategy by ensuring our activity is aligned with the key strategic aims.

Organisational Structure

The Trustees delegate day-to-day running of the Charity to the CEO Office (staffed by the CEO and his executive team). The CEO reports to the Chair of the Board and, during 2017, directly to the Interim Manager.

The CIO application was submitted to the Charity Commission for approval and the CIO was incorporated on 29th December 2017 with a new charity registration number 1176462 approved by the charity commission.

The Transfer to the CIO was effective 1 February 2018. With the Transfer Agreement transferring assets and liabilities from the unincorporated charity to the CIO was finalised and the Commission agreed that the unincorporated charity (now renamed "MA 1985") was now in a fit state to have its assets and liabilities transferred by the IM to the CIO.

The Transfer Agreement was signed on behalf of the Trustees and appropriate resolutions were made.

The new organisation has under the CEO, a new COO and three directors leading a renewed organisation with an ambitious structure focused on building capacity and strong systems.

Key Management Personnel and Remuneration Policy

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

The Senior Leadership Team (SLT) are considered to be key management personnel and consists of the CEO, a Chief Operating Officer and three Directors leading different Departments. This structure has radically changed after a major overhaul following an internal change process based on a new vision. Directly under the SLT there is the Senior Management Team (SMT) layer which consists of Head roles all of which have been newly created to lead the operational and tactical workplans.

Remuneration for all senior staff is based on annual appraisals carried out by the CEO or Chairman and then reviewed by an appropriate committee. The review of pay takes into consideration roles and responsibilities together with relevant market rates.

Pension

The Charity has complied fully with the auto-enrolment legislation and all new employees are offered an Islamic Pension Trust with Carey Pensions from July 2014. Since October 2014 employees have been offered an employer contribution of 1% against a 1% employee contribution. This will rise to between 2% and 3% in 2018 and between 3% and 5% in 2019.

Auditor

Crowe U.K. LLP has acknowledged its willingness to be reappointed as auditor for the year ending 31 December 2018.

Financial Review

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 26 of the attached Financial Statements and comply with applicable laws and requirements of the 'Accounting and Reporting by Charities: Statement of Recommended Practice' (Charities SORP (FRS102)) issued by the Charity Commission.

The financial statements incorporate the transactions and balances of each of Muslim Aid's 14 field offices alongside the activity arising from its UK operations.

In February 2018 the Field office in Iraq was closed due to operational and regulatory difficulties, which had resulted in insufficient access to documents, records and explanations to determine the financial performance and position of the branch for inclusion within the 2017 financial statements.

Consequently, all transactions and balances arising in Iraq during 2017 have been excluded from the financial statements with opening fund balances of £185k written off in the year as these are not deemed recoverable by Muslim Aid.

Muslim Aid UK has reviewed the residual liabilities and assets in respect of the operations in Iraq and has made appropriate provision for any future liabilities that may arise within the 2017 Financial Statements. The estimated maximum exposure to closure of Iraqi activities remains the same as last year at £3.2m (2016: £3.2m).

Similarly, in 2017 the field office in Kenya was also closed after a cost benefit exercise, with the remaining net assets gifted to a local NGO during the year. Due to insufficient access to documents, records and explanations required to determine the financial performance and position of the field office in 2017, the Kenya branch has also been excluded from these financial statements. Opening fund balances of £85k have been written off in the year as these are no longer in the possession of Muslim Aid. See note 19 in the financial statements

Income

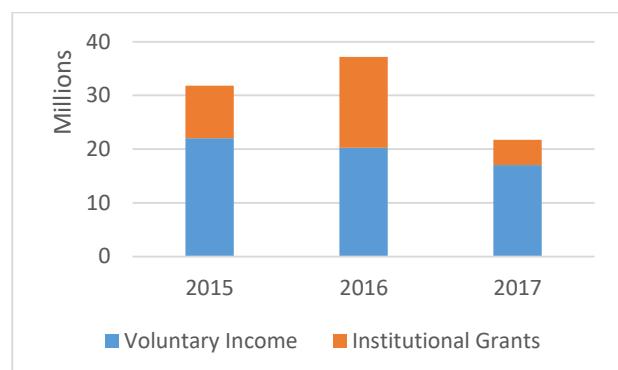
The Charity's total income for the year was **£21.8m** (2016: **£37.2m**), a decrease of **£15.4m** or 41% on the previous financial year. This significant decrease on last year is primarily due to a **£12.2m** decrease in Institutional grant income (mainly from the Iraq office) and a **£3.7m** decrease in gifts in kind

The total emergency donation income has increased by **£0.9m** to £4.9m in 2017 (2016: **£4.0m**).

At the end of the financial year we have raised **£3.8m** (2016: £4.4m) unrestricted income. We are focusing on increasing unrestricted income to provide adequate free reserves in accordance with the reserves policy

Some of our unrestricted funds were used as contribution to EC and ECHO projects in Sudan and Bangladesh as co-finance and to promote long-term development programmes.

Three years' income trend

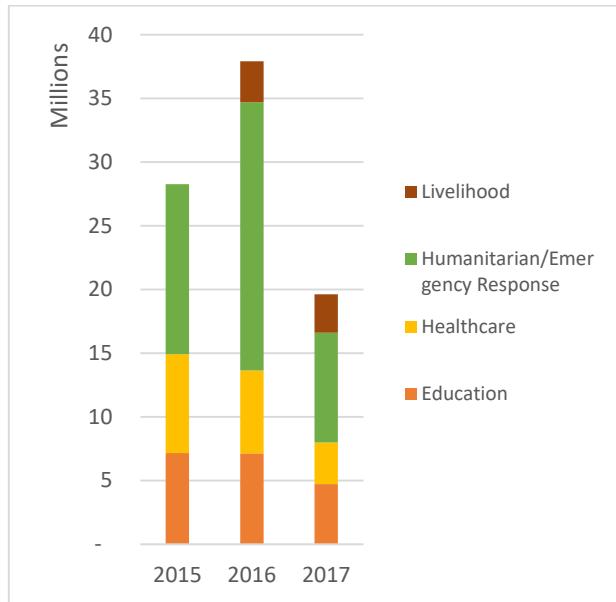


Expenditure

Our total expenditure for the year ended 31 December 2017 was **£23.3m** (2016: **£42.1m**). The expenditure on charitable activities was **£19.6m** (2016: **£37.9m**) which is £18.3m lower than the previous year. The decrease in expenditure corresponds to a decrease in Institutional income and donations for the various programmes.

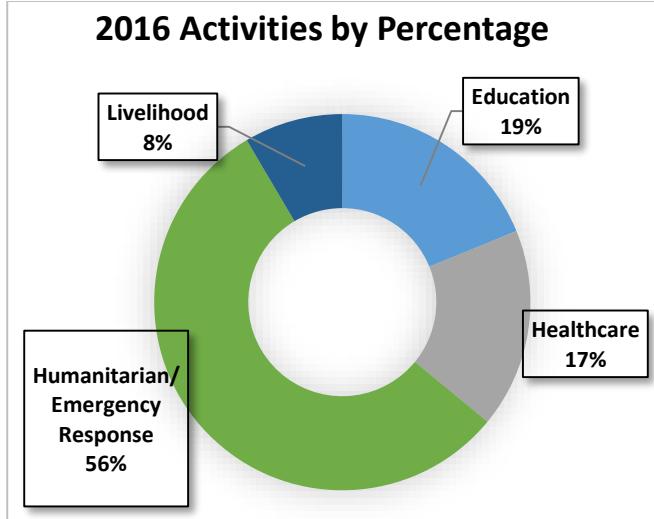
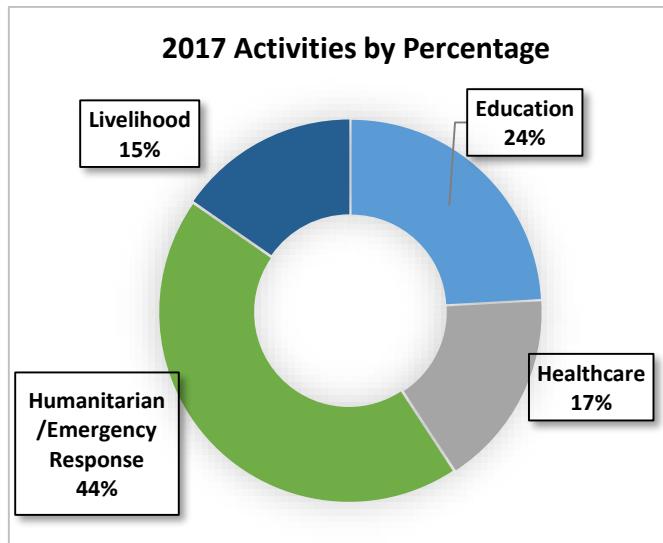
As expected the expenditure on Humanitarian / Emergency work decreased from **£21.0m** in 2016 to **£8.6m** in 2017. In addition, Healthcare and Education expenditure decreased by **£3.2m** and **£2.4m** to the previous year respectively. The Rainbow Family Programme has continued to support a number of children reaching 5,753 beneficiaries during 2017 (2016: 6,051)

Three years' programme expenditure trend

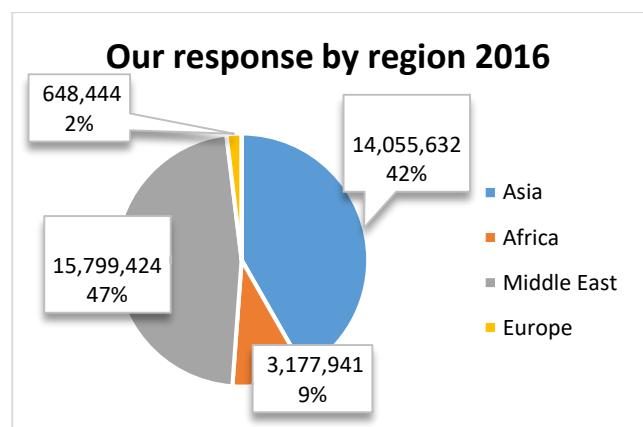
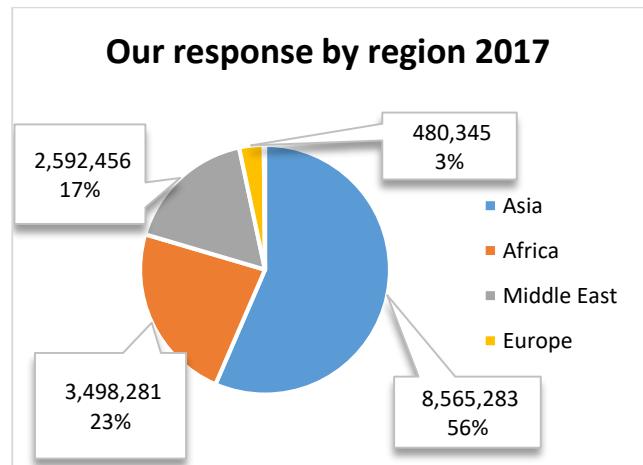


Muslim Aid has a global footprint delivering large programmes of work in each geographical region.

Our activities by percentage



Our response by region



Net assets

The balance sheet for the Charity shows net assets of **£12.7m**, (2016: **£14.8m**), representing decreased operational working capital and reserves. The net assets reduction is primarily due to a net loss in the year of **£1.5m** due to excess of expenditure over income as well as a large foreign exchange loss on revaluation of foreign office reserves resulting from the strengthening of the pound relative to foreign country currencies during 2017. This is in stark contrast to the foreign exchange movement during 2016 when the pound actually weakened resulting in a large foreign exchange gain.

Intangible fixed assets

The changes in intangible fixed assets during the period are shown in Note 9 to the financial statements.

Tangible fixed assets

The changes in tangible fixed assets during the period are shown in Note 10 to the financial statements.

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.

Reserves policy

Reserves consist of restricted and unrestricted reserves (see note 14). Restricted reserves are donations and grants held for future work on specific projects or programmes.

Unrestricted reserves are generated when there is no donor stipulation on how funds are utilised and so the Trustees have more discretion in how these funds are spent to further Muslim Aid's charitable objectives.

The Trustees recognise the need to hold sufficient unrestricted reserves to allow protection of core activities in the event of any income shortfalls and 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.

Reserves

As at 31 December 2017 the charity had Total reserves of **£12.7m** (2016: £14.8m), Restricted Reserves of **£14.3m** (2016: £15m), Fixed Asset Reserves of **£2.2m** (2016: £2.6m) with general reserves of **-£3.7m** (2016: £2.8m). Total unrestricted funds held by the Charity are in a deficit position of **£1,579k** (2016: **£193k** deficit) and it has £nil free reserves (defined as general funds less net book value of fixed assets).

The year started with a deficit of £193K which was primarily a consequence of a review of the existing classification of fund balances during 2016 which led to £3.7m of previously unrestricted funds being reclassified to restricted funds at 2016 year end as part of a prior year adjustment.

The Trustees are developing a strategy for building up unrestricted reserves, at a level acceptable to beneficiaries and partners. Going forward, trustees will discuss how in an almost exclusively restricted funding environment the organisation can create a reserve over time, sufficient to cover at least 6 month's head office and field offices running cost expenditure i.e. £2.5m (2016: £2.5m).

The Strategic Plan includes engagement of key high net worth donors, new commercial initiatives and revising cost recovery policy to match actual costs incurred. These actions will increase the general reserves to at least £2.5m by 2020.

Going Concern

Updated budgets and forecasts consider the shortfall in unrestricted funds and the plans already in place to rebuild reserves going forward. The trustees are therefore satisfied that Muslim Aid has sufficient liquidity and available resources to continue as a going concern.

The Trustees are monitoring the current financial position of the organisation very closely while reserves are below policy levels. The organisation will continue to be disciplined in managing costs. This, along with an increased focus on unrestricted income fundraising will ensure the long-term financial health of the organisation and its ability to replenish reserves to policy.

Although the present board of trustees was appointed after the year under review, it alone has the responsibility to sign the Report and Accounts for the year ended 31 December 2017. The audited accounts were presented to the trustees on 20th December 2018 and approved on the same date.

Iftikhar Ahmed Awan Chairman



20th December 2018

Independent Auditor's Report to the Trustees of Muslim Aid

Qualified Opinion

We have audited the financial statements of Muslim Aid for the year ended 31 December 2017 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion except for the effects of the matter described in the Basis for Qualified Opinion section of our report the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for qualified opinion

Muslim Aid's field offices in Iraq and Kenya were closed during 2017 and 2018 and management are unable to gain access to records or explanations required to substantiate balances and transactions or support the results of each field office. The results of these branches have therefore been excluded from the financial statements.

We are therefore unable to conclude that the financial statements are free from material error or misstatement as we cannot confirm if the amounts excluded are material in the context of the overall financial statements. Comparative information has not been adjusted in relation to these branches and is presented separately in note 19.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the

FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to Iraq and Kenya, described above:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

MUSLIM AID, TRUSTEES REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- We were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

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. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP

Statutory Auditor

London

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Muslim Aid Statement of Financial Activities

For the year ended 31 December 2017

	Note	Unrestricted	Restricted	Total	Total
		Funds £	Funds £	2017 £	2016 £
Income from:					
Donations and Legacies	2	3,809,222	13,206,700	17,015,922	20,259,282
Charitable Activities	3	-	4,728,754	4,728,754	16,892,535
Investment Income	4	39,205	11,596	50,801	74,197
TOTAL INCOME		3,848,427	17,947,050	21,795,477	37,226,014
Expenditure on:					
Raising Funds	5	1,145,303	2,483,107	3,628,410	4,148,406
Charitable Activities	5	3,841,302	15,792,719	19,634,021	37,924,789
TOTAL EXPENDITURE		4,986,605	18,275,826	23,262,431	42,073,195
Net income / (expenditure) before foreign exchange		(1,138,178)	(328,776)	(1,466,954)	(4,847,181)
Exchange surplus / (loss)		(248,270)	(334,800)	(583,070)	1,544,244
Net movement in funds		(1,386,448)	(663,576)	(2,050,024)	(3,302,937)
Total funds at 1 January 2017		(193,035)	14,988,805	14,795,770	18,098,707
Total funds at 31 December 2017		(1,579,483)	14,325,229	12,745,746	14,795,770

The results for the year shown above all derive from continuing operations.

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 28 to 36 form an integral part of these financial statements.

Balance Sheet
As at 31 December 2017

	Note	2017 £	2016 £
Fixed Assets			
Intangible Assets	9	123,456	162,400
Tangible Assets	10	2,033,588	2,405,131
		2,157,044	2,567,531
Current Assets			
Inventories	11	164,869	650,984
Debtors	12	7,104,546	7,263,015
Cash held for Investments		5,031,304	5,068,234
Cash at bank and in hand		4,895,259	8,344,200
		17,195,978	21,326,433
Creditors: amounts falling due within one year	13	6,607,276	9,098,194
Net Current Assets		10,588,702	12,228,239
		12,745,746	14,795,770
The Total Funds of the Charity	14		
Unrestricted Income Funds			
General Fund		(1,579,483)	(193,035)
Restricted Income Funds		14,325,229	14,988,805
		12,745,745	14,795,770

The financial statements were approved by the Trustees on 20th December 2018 and signed on its behalf by:

Chairman

The notes on pages 28 to 36 form part of these financial statements.

Statement of Cash flows
For the year ended 31 December 2017

	Total	Total
	2017	2016
	£	£
Cash flows from operating activities:		
Net movement in funds (as per the Statement of Financial Activities)	(2,050,024)	(3,302,937)
Depreciation charges	239,132	230,710
Loss on disposal of tangible fixed assets	74,385	58,030
Currency revaluation of tangible fixed assets	243,661	(287,764)
(Increase)/Decrease in inventories	486,115	627,647
(Increase)/Decrease in debtors	158,469	487,927
(Decrease) / Increase in creditors	(2,490,918)	2,642,121
Investment income receivable	<u>(50,801)</u>	<u>(74,197)</u>
	<u>(3,389,981)</u>	<u>381,537</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	(144,291)	(184,964)
Purchase of intangible fixed assets	(2,400)	-
Disposal of Investment	11,596	-
Interest Received	<u>39,205</u>	<u>74,197</u>
	<u>(95,890)</u>	<u>(110,767)</u>
Change in cash and cash equivalents in the year	(3,485,871)	270,770
Cash and cash equivalents at the beginning of the year	13,412,434	13,141,664
Cash and cash equivalents at the end of the year	<u>9,926,563</u>	<u>13,412,434</u>
Analysis of cash and cash equivalents:		
Investments	5,031,304	5,068,234
Cash in hand	<u>4,895,259</u>	<u>8,344,200</u>
Total	<u>9,926,563</u>	<u>13,412,434</u>

Notes to the financial statements

For the year ended 31 December 2017

In 2017 Muslim Aid was a registered charity (registered with the charity Commission in England and Wales) and governed by its Memorandum and Articles of Association. The charity number was 295224 and its registered address was PO Box 3, London E1 1WP. On 1 Feb 2018, the charity was dissolved with all remaining assets and liabilities transferred to a newly established Charitable Incorporated Organisation (registration number 1176462) of the same name and under the control of the existing Muslim Aid Board. Both organisations are considered public benefit entities.

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 (Charities SORP(FRS 102)) and UK Generally Accepted Accounting Practice.

The Statement of Financial Activities (SOFA) and Balance Sheet include the results, assets and liabilities of the Charity and all its material country offices excluding Iraq and Kenya. The results of the country offices are combined on a line by line basis.

In February 2018 the Field office in Iraq was closed due to operational and regulatory difficulties, which has resulted in insufficient access to documents, records and explanations to determine the financial performance and position of the branch for inclusion within the 2017 financial statements and opening fund balances have been written off to the Statement of financial Activities.

Consequently, all transactions and balances arising in Iraq during 2017 have been excluded from the financial statements and opening balances have been written off to the Statement of Financial Activities.

Muslim Aid UK has reviewed the residual liabilities and assets in respect of the operations in Iraq and has made appropriate provision for any future liabilities that may arise within the 2017 Financial Statements.

Similarly, in August 2017 the field office in Kenya was also closed after a cost benefit analysis, with the remaining net assets gifted to a local NGO during the year. Due to insufficient access to documents, records and explanations required to determine the financial performance and position of the field office in 2017 the Kenya branch has also been excluded from these financial statements. Opening fund balances have also been written off in the year as these are no longer in the possession of Muslim Aid.

Comparative information for Kenya and Iraq has not been adjusted in these financial statements. Further details surrounding the comparative information of each office is included in note 19 alongside analysis of amounts written off in the year.

The financial statements have been prepared under the historical cost convention, unless stated otherwise on the relevant accounting policy notes, and on a going concern basis.

In making the assessment of going concern the Trustees have taken into account all available information about the future for at least, but not limited to, 12 months from the date on which these accounts were approved. Muslim Aid has an unrestricted deficit of £1.6m in 2017. Following the review of updated budgets and forecasts, the trustees are satisfied that Muslim Aid has sufficient liquidity and available resources to continue as a going concern. The Trustees are monitoring the current financial position of the organisation very closely while reserves are below policy levels. The organisation will continue to be disciplined in managing costs. This, along with an increased focus on unrestricted income fundraising will ensure the long-term financial health of the organisation and its ability to replenish reserves to policy levels.

The trustees are not aware of any material uncertainties which suggest the charity cannot continue as a going concern. The accounting policies have been consistently applied for all material items.

The accounts 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 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 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 do not consolidate the results of Pharmacy Investments which were held during the year in Pakistan and sold on the 27th July 2017. Although the charity exercised control over the running of the pharmacy, this control was only exercised from 2016 when it gained 100% ownership. However, the results are not considered material to the overall context of the financial statements and so have been omitted. Details surrounding the sale of this investment and of amounts not included in these financial statements are included in note 20.

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 funds, receipt is probable and the amount can be measured reliably.

Gifts in Kind for which Muslim Aid accepts full responsibility for distribution are included in income at the value to the charity (in the case of medicines, at the lowest value of the generic equivalent as approved by the WHO) when it is distributed and under Charitable Activities at the same value and time.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities when Muslim Aid is entitled to the funds, receipt is probable and the amount can be measured reliably.

The receipt in advance of a grant for expenditure that takes place in a future accounting period is accounted for as deferred income and recognised as a liability until the accounting period in which Muslim Aid will expend the resource.

c) Resources expended

Resources expended are recognised on an accruals basis.

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 indirectly in support of expenditure on the strategic objectives of the Charity. These have been allocated based on a ratio of each objectives direct expenditure to the total direct expenditure of all objectives.

1 Accounting policies (continued)

c) Resources expended (continued)

Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements. They include legal advice for trustees, cost of trustees' meetings, audit fee and internal audit costs. These costs are allocated in the same way as other support costs.

d) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange at the time of the transaction. Country office income and expenditure is included in the Statement of Financial Activities at the average exchange rate for the period.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date.

Foreign currency gains and losses are recognised through the Statement of Financial Activities for the period in which they are incurred.

e) 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

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

carrying value may not be recoverable.

f) 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.

g) Fund accounting

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.

h) Leases

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

i) Inventories

These are valued at the lower of cost and net realisable value and represent supplies received before the year end and distributed after the year end.

j) Micro Finance

The charity's overseas country offices provide unsecured credit to clients and savings account services to its beneficiaries so as to enable them to become self-sufficient and plan financial affairs to match their needs and provide capital for development. The income from lending and expenditure relating to lending and deposit taking activity is accounted for in the Statement of Financial Activities and the resulting assets (loans) and liabilities (deposits) are included in the balance sheet under debtors and creditors respectively.

k) Taxation

As a registered charity, Muslim Aid is exempt from taxation of income and gains to the extent that its income and gains are applicable to charitable purposes only.

l) Pensions

Contributions to the defined contribution pension scheme are recognised in the Statement of Financial Activities when they are payable. The money purchase nature of the scheme ensures there will be no funding deficit or surplus accruing to the Charity in the future. The pension scheme is independently administered and the assets of the scheme are held separately from those of the Charity.

As a registered charity, Muslim Aid is exempt from taxation of income and gains to the extent that its income and gains are applicable to charitable purposes only.

m) Key judgements and estimation uncertainty

The preparation of the financial statements requires the Trustees to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on the Trustees' best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The Trustees' do not believe that there are any significant areas of estimation uncertainty that need to be disclosed.

2 Donations and Legacies

	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
Donations received in the UK	3,217,517	8,190,124	11,407,641	10,842,495
Donations received at the Field Offices		2,364,304	2,364,304	2,567,038
Gift Aid	591,705	1,456,982	2,048,687	1,936,685
Gifts in Kind	-	1,195,290	1,195,290	4,913,064
	3,809,222	13,206,700	17,015,922	20,259,282

3 Charitable Activities

	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
European Commission Humanitarian Organisation	-	673,619	673,619	540,302
European Commission	-	-	-	632,390
Islamic Union	-	-	-	14,789
Al Asmakh Charity	-	-	-	263,798
United Methodist Committee on Relief	-	233,631	233,631	151,727
Other Institutional Grants	-	660,140	660,140	673,508
Institutional Grants at Field Offices	-	3,161,364	3,161,364	14,616,021
	-	4,728,754	4,728,754	16,892,535

4 Investment Income

		Total 2017 £	Total 2016 £
Bank Deposit Interest		39,205	74,197
Gain on sale of pharmacy (note 20)		11,596	
		50,801	74,197

Bank deposit income was related to unrestricted funds whereas the gain on sale of pharmacy is restricted.

5 Resources expended

	Direct Costs £	Staff Costs £	Support Costs £	Total 2017 Costs £	Total 2016 Costs £
Raising Funds	2,387,518	1,035,070	205,823	3,628,410	4,148,406
Charitable Activities					
Humanitarian/Emergency Response	6,563,898	1,613,749	437,320	8,614,969	21,070,106
Education	3,343,200	1,175,065	217,685	4,735,951	7,142,669
Healthcare	2,435,647	711,333	122,034	3,269,014	6,495,841
Livelihood	2,468,961	473,692	71,435	3,014,088	3,216,173
Total Charitable activities	14,811,706	3,973,839	848,475	19,634,021	37,924,789
Total Expenditure	17,199,224	5,008,909	1,054,298	23,262,431	42,073,195

	2017 £	2016 £
Office Costs	346,469	448,952
Finance and IT	72,950	51,650
HR, Recruitment and Training Costs	326,729	242,104
Governance Costs	308,150	200,103
	1,054,298	942,809
7 Governance Costs	2017 £	2016 £
Audit Fees - Moore Stephens	0	13,740
Audit Fees - Crowe U.K. LLP	65,000	65,000
Legal fees	238,316	108,494
Trustees expenses	173	5,712
Internal audit	4,661	7,157
	308,150	200,103

In addition to governance costs stated above, Muslim Aid also incurred £27,900 for the local audits of its overseas country offices (2016: £32,730)

No member of the Board received any remuneration for their work as Trustees (2016: nil).

During the year 3 trustees (2016: 6) received re-imbursement for travel and subsistence costs totalling £173 (2016: £3,310)

	2017	2016
	Number	Number
Average number of employees during the year were:		
Fundraising	49	43
Information Public Affairs	5	8
International Programmes	539	885
Management & Finance	123	147
Corporate Services	96	112
Internal Audit	2	6
	814	1,201
Average number of country office employees included above	707	1,105
Employment Costs	2017 £	2016 £
Gross Pay	4,702,482	5,912,304
Employer's National Insurance	295,442	273,660
Pension Costs	10,985	10,737
	5,008,909	6,196,701

Staff costs includes the cost of 29 casual employees (2016: 16) who are employed during the months of Ramadaan and Qurbani

	2017 Number	2016 Number
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1

Total remuneration for senior employees was £252,729 (2016: £310,278). Employers NI was £30,339 (2016: £33,215) and employer pension costs were £2,008 (2016: £1,249). Senior employees are considered to be key management personnel and refers to the CEO, Assistant CEO (role converted to COO in 2017) and three other Directors. So, in total, there are 5 key management personal.

During the year one redundancy payment of £13,651 was made as well as one termination payment of £30,662.

Prior to October 2014 when auto-enrolment for pension contributions was implemented, there was no pension scheme in place.

9 Intangible Fixed Assets

	Computer Software
Cost	
At 1 January 2017 (per stats)	187,933
Additions	2,400
Disposals	
As at 31 December 2017	190,333
Depreciation	
At 1 January 2017 (per stats)	25,533
Charge for the year	41,344
Disposals	
As at 31 December 2017	66,877
Net book values	
At 31 December 2017	123,456
At 31 December 2016	162,400

10 Tangible Fixed Assets

	Freehold & Leasehold Buildings	Computers & software	Fixtures & fittings	Office Equipment	Vehicles	Total
Cost						
At 1 January 2017 (per stats)	2,009,996	613,642	396,438	951,110	675,396	4,646,582
Additions	30,230	26,958	5,480	18,375	63,248	144,291
Disposals	0	(26,947)	(18,326)	(89,458)	(83,410)	(218,141)
Revaluation to closing rates	(193,106)	(50,108)	(41,180)	(129,689)	(89,582)	(503,665)
As at 31 December 2017	1,847,120	563,545	342,412	750,338	565,652	4,069,067
Depreciation						
At 1 January 2017 (per stats)	353,489	473,086	226,653	691,674	496,549	2,241,451
Charge for the year	49,841	55,070	21,580	40,493	30,804	197,788
Disposals	0	(24,227)	(11,700)	(42,060)	(65,769)	(143,756)
Revaluation to closing rates	(33,012)	(38,820)	(26,102)	(96,840)	(65,230)	(260,004)
As at 31 December 2017	370,318	465,109	210,431	593,267	396,354	2,035,479
Net book values						
At 31 December 2017	1,476,802	98,436	131,981	157,071	169,298	2,033,588
At 31 December 2016	1,656,507	140,556	169,785	259,436	178,847	2,405,131

11 Inventories

Inventories consist mainly of undistributed emergency foods and medicines which are stored in warehouses across our field offices.

12 Debtors

	2017	2016
	£	£
Microfinance loans	4,319,528	5,303,958
Receivables from Institutions	977,676	1,452,143
Gift Aid	1,723,839	414,981
Prepayments and accrued income	83,503	91,933
	7,104,546	7,263,015

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Programme creditors	1,598,146	2,733,327
Trade creditors	248,194	258,590
Taxation and social security	61,709	83,199
Accruals	1,730,205	2,069,513
Microfinance	2,677,048	3,323,428
Deferred income	291,974	630,137
	6,607,276	9,098,194

14 Statement of Funds (2017)	Balance at 1st January 2017	Income	Expenditure	Gains / (losses)		Transfers	Balance at 31st December 2017
				£	£		
Restricted:							
UK Institutional Grants							
ECHO (Humanitarian / Emergency Response)	264,995	673,619	967,987	-	-		(29,373)
European Commission (Livelihood)	(135,120)	-	224,143	-	-		(359,263)
Other Institutional funds	797,820	893,771	690,355	-	-		1,001,236
Field Offices	3,777,478	6,732,555	7,904,809	(334,800)	-		2,270,425
Muslim Aid: Emergency Funds							
General Emergency Fund	51,271	894,734	203,226	-	-		742,779
Palestine Emergency Fund	3,551,292	653,248	361,647	-	-		3,842,893
Myanmar Emergency Fund	1,813,731	1,313,940	583,872	-	-		2,543,799
Syria Emergency Fund	2,640,244	1,562,838	949,466	-	-		3,253,616
Africa Drought Fund	710,402	-	315,878	-	-		394,524
Pakistan Emergency Fund	-	161,275	55,128	-	-		106,147
Low Impact Emergency Fund	214,288	402,277	616,565	-	-		-
Muslim Aid: Other Funds							
Programme Fund	263,605	514,521	778,126	-	-		-
Religious Funds	410,191	1,428,678	1,838,869	-	-		-
Childcare and Sponsorship Funds	628,608	2,715,592	2,785,754	-	-		558,447
Total Restricted Funds	14,988,805	17,947,050	18,275,826	(334,800)	-		14,325,229
Unrestricted Fund:							
Fixed Asset Fund	2,567,531		239,132	(243,661)	72,306		2,157,044
General Fund	(2,760,566)	3,848,427	4,747,473	(4,609)	(72,306)		(3,736,528)
Total Unrestricted Funds	(193,035)	3,848,427	4,986,605	(248,270)	-		(1,579,483)
Total Funds	14,795,770	21,795,477	23,262,431	(583,070)	-		12,745,745
(i) Restricted funds are those project balances held on behalf of institutional donors, field offices, specific appeals and general emergency for future work. Any funds remaining in deficit on completion of programme will be cleared by transfers from general unrestricted funds..							
(ii) The fixed asset fund represents the net book value of tangible fixed assets that were originally funded out of unrestricted funds. Fixed assets are acquired out of general funds and the transfer from the fixed asset fund represents the difference between additions and charge for the year.							
(iii) General fund represents the amount that trustees are free to use in accordance with Muslim Aid's charitable objectives.							
(iv) The deficit of £359,263 against the European Commission Restricted Fund has arisen as MA spending on the project in Sudan has been incurred in advance of the receipt of the funds to which the charity is not yet entitled. It is expected that these funds will be received in 2018.							
(v) The deficit of £29,373 against ECHO has arisen as a result of spending on the project being incurred in advance of the receipt of funds to which the charity is not entitled. It is expected that these funds will be received in 2018.							
Statement of Funds (2016)	Balance at 1st January 2016 Restated	Income	Expenditure	Gains / (losses)		Transfers	Balance at 31st December 2016
		£	£	£	£		
Restricted:							
UK Institutional Grants							
ECHO (Humanitarian / Emergency Response)	528,942	540,302	804,249	-	-		264,995
European Commission (Livelihood)	(245,793)	632,390	521,717	-	-		(135,120)
Other Institutional funds	961,562	1,103,821	1,267,563	-	-		797,820
Field Offices (all restricted)	4,020,657	22,096,124	23,023,980	684,677	-		3,777,478
Muslim Aid: Emergency Funds							
General Emergency Fund	52,919	212,412	214,060	-	-		51,271
Palestine Emergency Fund	3,398,672	668,330	515,710	-	-		3,551,292
Myanmar Emergency Fund	1,438,478	664,928	289,675	-	-		1,813,731
Syria Emergency Fund	2,350,855	2,249,575	1,960,186	-	-		2,640,244
Africa Drought Fund	830,367	-	119,965	-	-		710,402
Pakistan Emergency Fund	(99,594)	-	57,692	-	157,286		
Low Impact Emergency Fund	524,922	239,461	550,095	-	-		214,288
Muslim Aid: Other Funds							
Programme Fund	578,998	774,031	1,089,424	-	-		263,605
Religious Funds	186,797	1,480,043	1,256,649	-	-		410,191
Childcare and Sponsorship Funds	700,794	2,189,394	2,261,580	-	-		628,608
Total Restricted Funds	15,228,576	32,850,811	33,932,545	684,677	157,286		14,988,805
Unrestricted Fund:							
Fixed Asset Fund	2,383,540	-	136,136	287,764	32,363		2,567,531
General Fund	486,591	4,375,203	8,004,514	571,803	(189,649)		(2,760,566)
Total Unrestricted Funds	2,870,131	4,375,203	8,140,650	859,567	(157,286)		(193,035)
Total Funds	18,098,707	37,226,014	42,073,195	1,544,244	-		14,795,770

15 Analysis of net assets between funds	2017 £ Unrestricted £	2017 £ Restricted £	2017 £ Total £	2016 £ Unrestricted £	2016 £ Restricted £	2016 £ Total £
Fixed Assets	2,157,044		2,157,044	2,567,531		2,567,531
Net Current Assets	(3,736,527)	14,325,229	10,588,701	(2,760,566)	14,988,805	12,228,239
	(1,579,483)	14,325,229	12,745,745	(193,035)	14,988,805	14,795,770

16 Commitments

Land and buildings

Operating leases expiring

	2017 £	2016 £
-within one year	64,800	64,800
-within two to five years	259,200	259,200
-over five years	-	59,400
	324,000	383,400

17 Taxation

Muslim Aid is a registered charity and is not therefore liable to income or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

VAT is irrecoverable and has been charged to its associated expenditure.

18 Post balance sheet events

1. Conversion to CIO in 2018

On 1 February 2018 control was handed back to the Trustees and the charity was dissolved and removed from the charities register. The Board of Trustees, remaining assets, liabilities and activities were transferred to a new CIO on the same date. The newly established CIO is registered with the same name, registration number 1176462 and registered at PO Box 3, London E1 1WP.

2. Activities in Iraq

In February 2018, due to operational difficulties Muslim Aid closed its activities in the country. The assets have been frozen by the Iraqi administration subject to a final decision. No closure costs have been accrued for in 2017 (2016: £50K). Full details of activities relating to Iraq are included in note 19 below

19 Activities in Iraq and Kenya

Muslim Aid has not incorporated any results from its Iraq and Kenya operations in these financial statements as the charity is unable to obtain access to original books, records and explanations required to determine the financial position and performance of each country in 2017. Comparative information has not been adjusted to reflect amounts included for each office in 2016 though opening fund balances of £185,624 in Iraq and £85,398 in Kenya have been written off in 2017. An analysis of amounts included for each office in 2016 is presented below:

Income and expenditure

	Kenya 2016 £	Iraq 2016 £
Income	281,761	11,648,098
Expenditure	(264,351)	(12,436,931)
Deficit	17,410	(788,833)

Net Assets

Restricted	85,398	185,624
Unrestricted		
Total	85,398	185,624

In 2016 Muslim Aid reviewed the remaining assets and liabilities of its Iraq operations and estimated that closure of its remaining programmes and activities will leave the organisation exposed to a maximum of £3.2m of additional costs relating to potential refunds to institutional donors and settlement of remaining supplier invoices. There has been no progress on resolving this matter in 2017 and this assessment remains unchanged.

20 Sale of Investment in a pharmacy in Pakistan.

The charity was the sole shareholder of a pharmacy in Pakistan which was sold on 28th July 2017. The investment in the charity was stated as £74,039. The gain on sale was £11,596 and was booked as a gain on sale of Investment. The charity has not included the gross results of the pharmacy in the financial statements because; although the charity exercises control over the running of the pharmacy, this control was only exercised from 2016 when it gained 100% ownership and in addition the results are not material in the context of the wider figures. The transactions relating to the sale are as follows:

	£
Investment b/fwd	74,039
Exchange loss in the year	(11,660)
Gain on sale	11,596
Sale proceeds	(73,975)
Investment c/fwd	-

Net income and expenditure generated by the pharmacy in 2017 prior to the sale was £nil which is restricted to spend on microfinance activities (2016: £13,257)

21 Related Parties

A number of MA key management personnel were either Trustees or Employees of other Charities who have received donations or payments for provision of services.

Key management personnel/Relationship to MA	Payment to /Relationship	2017 Expenditure	Purpose	2016 Expenditure
Dr Muhammad Abdul Bari (resigned 16 Oct 2016) Trustee	East London Mosque & London Muslim Centre Trustee	£ -	Office rent & service charges Advertising Sponsorship of charity run Room Hire Charges Leaflet printing, sponsorship, Ramadan timetable	116,681 6,750 7,900 6,870 250 138,451
Sir Iqbal Sacranie OBE (resigned 16 Oct 2016) Trustee	Balham Mosque Trustee	-	Event Sponsorship	4,000
Farooq Murad (Resigned 1t Oct 2016) Trustee Dr Zahid Ali Parvez (removed 17 Oct 2016) Trustee Sara Pantuliano Trustee	<u>Muslim Council of Britain</u> National Council Member National Council Member John Plaistow husband of Sara Pantuliano did consultancy work which involved research and write-up of a Grenfell tower report discussing the lessons learned from such tragedies and advice on how local authorities and charities can respond better to such disasters in future	26,969	Affiliation fee Table sponsorship	5,000 2,500 7,500
Mahmoon Siddiq COO Muslim Aid	Consultancy - paid in advance of him becoming an employee	19,200 19,200		-
Michael King Interim Manager (appointed 17 Oct 2016 and resigned 31 Jan 2018)	Stone King LLP Interim Manager	 127,548	Consultancy	 58,299

In 2017 Muslim Aid transferred £nil (2016: £104K) to MA Sweden. M.Sadiq was appointed COO of Muslim Aid on 2nd April 2017 and was appointed a trustee of MA Sweden in May 2017. Funds transferred between Muslim Aid and MA Sweden in 2016 were agreed prior to his appointment as trustee of Muslim Aid. No monies were transferred from MA Sweden MA to MA UK in 2017 and no balances were outstanding at year end.

22 Financial instruments

The carrying value of financial instruments at 31 December were as follows:

	2017	2016
<u>Assets held at amortised cost</u>		
Debtors	5,294,204	7,171,082
Investments	5,031,304	5,068,234
Cash	4,895,259	8,344,200
Total	15,220,767	20,583,516
<u>Liabilities held at amortised cost</u>		
Creditors	4,523,388	6,315,345
Accruals	1,730,205	2,069,513
Total	6,253,593	8,384,858

Investment income generated by financial assets in 2017 was £39,205 (2016: 74,197)