



**Trustees' Report and Financial Statements  
for the year ended 31 December 2010**

**Charity No: 295224**

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**Board of Trustees**

**Chairman**

Sir Iqbal Sacranie OBE

**Vice Chairman**

Dr Manazir Ahsan MBE

**Secretary**

S M Tanzeem Wasti

**Treasurer**

Dr Zahid Ali Parvez (elected 29 May 2010)

Professor Ghulam Sarwar (term ended 29 May 2010)

**Assistant Treasurer**

Mehboob Kantharia (term ended 29 May 2010)

**Trustees serving in the year**

AKM Abdussalam

Dr Kadhem Al-Rawi (passed away April 2011)

Dr Muhammad Abdul Bari MBE

Ahmed von Denffer

M H Faruqi

Dr Suhaib Hassan

Dr Abdul Majid Katme

Chowdhury Mueen-Uddin

Farooq Murad

Dr Muhammad Jafer Qureshi

Dr Tariq Yusuf Rajbee

**Chief Executive Officer**

Syed Sharfuddin (appointed 1 February 2010)

**Charity number**

295224

**Registered Office**

PO Box 3

London

E1 1WP

**Auditors**

Chantrey Vellacott DFK LLP

Russell Square House

10-12 Russell Square

London

WC1B 5LF

**Bankers**

Lloyds TSB Bank plc

Habib Bank AG Zurich

Islamic Bank of Britain

HSBC

### Trustees' Report For the year ended 31 December 2010

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#### Structure, Governance and Management

Muslim Aid is a UK-based international relief and development agency established in 1985. In 2010 MA worked in 58 countries with Field Offices in 13 countries, including 2 co-ordinating offices. Following a review of the organisation, a strategic framework was produced identifying the main objectives to move Muslim Aid gradually towards becoming a global player in the alleviation of poverty, on a level with other international NGOs.

The Trustees are elected and function in accordance with the Trust Deed and Governing Document of the charity approved in November 1985 and amended subsequently by the Board of Trustees from time to time. They are responsible for policy making and ensuring that those policies are meticulously followed. Muslim Aid management is responsible for monitoring developments in relation to disaster risk reduction and mitigation, communicating with partners and stakeholders in implementing the policies, and running the day-to-day affairs of the charity.

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

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

#### **Objectives and activities**

Muslim Aid is a premier international NGO in the UK and has made a significant contribution towards disaster relief and recovery and the alleviation of world poverty. In 2010 its 4 key objectives were:

1. To consolidate activities worldwide
2. To develop products and services
3. To secure increased resources
4. To communicate effectively

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

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

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

While mainly focused on emergency relief and recovery, Muslim Aid has also been providing assistance to communities in carrying out sustainable development programmes.

Intrinsic to Muslim Aid's mission is tackling the root causes of poverty. This means that when most relief agencies pack up and go home after providing initial emergency aid to victims of natural disasters, Muslim Aid continues to help them improve their living conditions.

Over the years Muslim Aid has established Field Offices in Bangladesh, Pakistan, Sri Lanka, Sudan, Somalia, Iraq, Indonesia, Bosnia, Lebanon, Jordan (coordinating office), Gambia, Kenya (coordinating office), and Cambodia. Our Field Offices implement Muslim Aid's development strategy through various programmes.

Some other specialist programmes include:

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

#### **Risk Management**

The Trustees have assessed the major risks to which the organisation is exposed, in particular the risks relating to remittances subject to financial sanctions, as well as the overall health and finances and operations of Muslim Aid. They are satisfied that necessary systems and procedures are in place to mitigate exposure to any financial and corporate risks. Muslim Aid's due diligence policy and reporting procedures are reviewed on a regular basis.

### Trustees' Report

For the year ended 31 December 2010

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

Muslim Aid was investigated by the Charity Commission in 2010 after allegations in a newspaper that it had transferred funds to terrorist organisations in Palestine Occupied Territories in previous years. The Charity Commission investigation, which concluded in December 2010 found no evidence of any violation of the terrorist financing legislation or any improper conduct by Muslim Aid.

The outcome of the investigation not only vindicated Muslim Aid's position but also encouraged the Trustees to further strengthen due diligence procedures at the Headquarter and Field Offices and implementing partners. In 2010 the Trustees updated Muslim Aid's existing policy documents and reviewed the charity's monitoring and compliance procedures, including its complaints-handling mechanism.

#### Public benefit

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

#### Achievements and Performance

##### Objective 1 – Consolidate our work worldwide

1) New CEO and Asst. CEO appointed

In February, a new CEO was appointed to provide the organisation's much needed direction from the top. His duties also covered those of the vacant Head of Overseas position until the end of the reporting period.

To ensure the efficient monitoring and delivery of programmes a new position of Assistant CEO was created and filled with special responsibility to oversee UK Programmes, Fundraising and Donations Departments.

2) Due diligence procedures

A number of due diligence procedures were introduced in Muslim Aid Headquarters as well as Field Offices to ensure compliance with financial regulations, accountability, policies and procedures, and to increase efficiency and enhance reporting and feedback, including complaints handling mechanisms. These policies were also extended to be followed by the charity's project implementing partners in non-Field Office countries.

3) Field Office visits

During the year, the Trustees and staff visited Muslim Aid projects in Bangladesh, Cambodia, the Gambia, Haiti, Jordan, Lebanon, Pakistan, Occupied Palestine Territories and Sri Lanka.

4) Overseas Coordination

Muslim Aid Headquarter coordinated with Muslim Aid Malaysia, Helping Hands USA, Qatar Charity, UMCOR, Lutheran Church USA and Progressio to deliver its Ramadan and Qurbani programmes, as well as relief and development programmes around the world.

5) Memorandums of Understanding

Muslim Aid signed a number of MOUs with other charities and institutions to advance and deepen its strategic partnerships in support of its work.

##### Objective 2 – Develop products and services

- Muslim Aid joined the global effort to deliver rapid and effective emergency aid to the thousands affected by the earthquake in Haiti. The appeal raised over £0.52million, which was almost double the target we had initially set. This not only reflected our commitment to working with any community suffering a humanitarian crisis but also underlined the generosity and compassion of our donors to help people in need. The appeal crossed the threshold previously set by Muslim Aid for launching a big appeal in response to disasters in non-Muslim countries. It provided concrete evidence that Muslim Aid's supporters and donors within the UK made no distinction between Muslims and non-Muslims in distress situations. It also confirmed Muslim Aid's underlying principle that our humanitarian work in disaster affected areas is above any considerations of colour, faith, gender, nationality, ethnic origin or political affiliation.
- MOUs were signed with Global Medic, Progressio and a local coalition of international NGOs to utilise the funds collected during the Haiti appeal, thus expanding our relations with other international organisations.

## MUSLIM AID

### Trustees' Report

For the year ended 31 December 2010

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- Following the devastating floods in Pakistan in July 2010, Muslim Aid pooled its regional resources for supporting the flood relief efforts. Emergency teams were sent from the London Headquarters and Muslim Aid Bangladesh to support Muslim Aid Pakistan and provided assistance to the victims of the floods.
- Muslim Aid celebrated its 25<sup>th</sup> anniversary with the launch of a commemorative dinner at the Natural History Museum in London. The launch showcased the charity's relief and development activities spanning over two decades in more than 70 countries. It also generated public goodwill for the organisation both in the UK and overseas. HRH the Prince of Wales, the former Prime Minister of the UK and the President of Sri Lanka sent messages of support and felicitations. The Secretary of State for Northern Ireland, Shaun Woodward MP, delivered a keynote address at the event.
- The British diplomatic missions in Bangladesh, Bosnia and Pakistan also hosted receptions to mark the 25<sup>th</sup> anniversary of Muslim Aid in these countries.
- In an ongoing effort to protect our brand identity on a global scale, Muslim Aid UK's name and logo was registered by the World Intellectual Property Organisation (WIPO) under the Madrid agreement. The registration protects Muslim Aid's name and logo in 83 countries which are signatories to the Madrid Protocol of 1989.
- In Pakistan Muslim Aid provided emergency food and non food assistance to people in the flood affected areas. Muslim Aid also provided healthcare support through its field hospitals. Muslim Aid also responded to the flash floods in the Gambia, Sri Lanka and Bangladesh and volcanic eruption and Tsunami in Aceh and Padang, Indonesia.
- Muslim Aid continued to provide formal and non formal education to students in many countries and trained teachers. Muslim Aid also supported vocational training institutions to provide skills training for jobs.
- Muslim Aid continued to support thousands of poor beneficiaries through its healthcare centres in Somalia, Sudan, Bangladesh and Pakistan, especially in the area of mother and child healthcare services.
- Muslim Aid benefited 300,000 people in Banda Aceh, Indonesia by constructing flood mitigation system. Water and sanitation services were also provided in Indonesia, Iraq, Sri Lanka and Pakistan.
- Tents and temporary shelters were provided to the victims of Pakistan floods as part of Muslim Aid's emergency response with support provided by IOM and other donors. Muslim Aid also constructed transitional shelters in Bangladesh and Indonesia and provided low cost houses in Sri Lanka.
- Livelihood support was provided to thousands of people through skills training workshops and interest free microcredit programme in Bangladesh, Cambodia, Indonesia, Pakistan, Sri Lanka, Bosnia and other countries. The support positively promoted economic growth for sustainable development, including small and medium enterprises. Muslim Aid's interest-free micro-finance programme has benefited over 100,000 people, of which 95% were women.
- Muslim Aid Rainbow Family programme sponsored 3,400 poor and destitute children in 17 countries and provided support through the provision of school fees, books and uniforms.
- Muslim Aid spent over £470,000 on feed the fasting programme in over 40 countries. Food was distributed to people living in regions hit by extreme poverty.
- Muslim Aid's Qurbani campaign raised over £0.5 million allowing Muslim Aid to distribute meat through partners on the ground to people in over 40 countries. £120,000 of this was spent on canned meat to enable distribution to a large number of recipients in far off regions after the mandatory three days of Qurbani.
- The key UK project was the London Council's funded Pathways to Citizenship which moved into its 3<sup>rd</sup> year in September 2010, helping over 2,000 young people and at least 20 organisations each year. The Department for International Development funded 'Education Really Matters' project also moved into its 3<sup>rd</sup> and final year.
- Muslim Aid funded part of its international winter campaign in the UK through partnership with Age UK and Age Concern-Tower Hamlets to support elderly people during the extreme winter.
- Muslim Aid's Volunteers Department engaged with volunteers throughout the year and arranged a volunteers' dinner for over 300 volunteers and provided awards to volunteers, including a Volunteer of the Year Award. Muslim Aid also provided work experiences to students from different schools and supported other organisations in the UK in education and capacity building activities.

### Trustees' Report For the year ended 31 December 2010

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#### **Objective 3 – Secure increased resources**

- Muslim Aid received ECHO funding for humanitarian work and emergency relief and recovery projects in the cyclone affected areas in Bangladesh (for details see note 4).
- Institutional grants were received from a number of United Nations and Institutional organisations in support of Muslim Aid emergency and development projects in Bangladesh, Pakistan, Sri Lanka, Sudan, Somalia and Iraq (for details see note 4).

#### **Objective 4 – Communicate effectively**

- Effective systems were in place for communication between the trustees and senior management. Muslim Aid staff was also encouraged to provide feedback and input to the Executive Committee through senior management.
- The Information and Public Affairs Department utilised online social media (twitter, flicker, you-tube and face-book) to reach donors and supporters both in the UK and overseas. Muslim Aid website was regularly updated to keep stakeholders informed of major activities in which Muslim Aid was actively engaged. Muslim Aid issued press releases and news items on matters of interest to the stakeholders.
- There was greater interaction with the beneficiaries and their inputs were given preference in designing projects. Muslim Aid kept its donors and institutional partners fully informed about its work through its events, publications and mail shots.

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

In 2010 a new five-year strategic plan was agreed for the period 2011 to 2015. The following are the key objectives:

##### **1: Strong organisation and leadership**

- 1.1 Strengthen organisational structure and consolidate activities worldwide.
- 1.2 Take steps to be an effective, dynamic, strong and trusted charity.
- 1.3 Enhance Muslim Aid's rapid response capability in emergency and disaster situations.
- 1.4 Make Muslim Aid a premier international NGO in emergency relief and recovery.
- 1.5 Enhance the capacity of other Muslim NGOs in emergency response.

##### **2: High impact programme development and effective emergency responses**

- 2.1 Make a lasting impact in the countries of operation and beyond by developing beneficiary-driven programmes.
- 2.2 Ensure immediate response to high impact disaster and emergencies in any part of the world
- 2.3 Develop the Muslim Aid brand in a few key programmes where we have comparative advantage
- 2.4 Develop an effective Advocacy Programme to address issues related to social justice, poverty and climate change.

##### **3: Increase donations and secure autonomy in financial resources:**

- 3.1 Strengthen our independence of action by diversifying funding sources and products.
- 3.2 Secure and strengthen strategic partnerships with leading institutions and international non-governmental organisations.
- 3.3 Make Muslim Aid the "Charity of Choice" for at least 500 mosques and at least 100 corporate institutions in the UK and the EU.
- 3.4 Develop a strong volunteer base for Muslim Aid to support its fundraising and youth development activities.

##### **4: Nurturing friendships and establishing new networks**

- 4.1 Build a stronger relationship with mainstream and community media organisations and engage with them in delivering Muslim Aid's mission and vision including advocacy for pro-poor initiatives.
- 4.2 Develop strong collaborations with the corporate sector with the aim of building smart partnerships in charity and development programmes.
- 4.3 Build strong working relationships with relevant government institutions in the UK and in Field Office countries and with international bodies.
- 4.4 Strengthen and consolidate our external communications both at HQ and in Field Offices to reach our beneficiaries as well as a global audience.

### Trustees' Report

For the year ended 31 December 2010

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#### 5: Effective intervention for poverty reduction:

- 5.1 Develop Muslim Aid Microfinance programme as a unique brand in the global market.
- 5.2 Strengthen and promote Muslim Aid's training and skills development programme as an effective tool for poverty reduction.
- 5.3 Create greater awareness about issues that impact on poverty and development.
- 5.4 Establish an effective poverty alleviation programme within the UK.

#### Financial Review

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

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

The end of the year saw the financial position of the Trust to be strong with nearly £4 m of unrestricted reserves. During the period 1 January to 31 December 2010, income from the community and institutional funds totalled £25 million compared to £44 million in 2009. Although this reflected a decline in the overall funds handled by the charity compared to the previous year, a large part of it comprised gifts in kind (£6.7 million compared to £20.3 million in 2009). In 2011 we are in the process of signing new project agreements which will increase the income significantly again.

#### Reserves policy

The Trustees recognise the need to hold sufficient reserves to allow protection of core activities in the event of any income shortfalls to implement long-term strategic programmes and enable the charity to carry out its essential projects. The reserve policy ensures, as far as possible, the sustainability of charitable activities across various sectors. The policy aims to have sufficient free reserves to enable the charity to weather peaks and troughs and to hold at least the equivalent of six months' expenditure (£1.75 million). The total free consolidated reserves on 31 December 2010 were £1.8 million; however the headquarters free reserve was only £895,731. In line with this policy, the Trustees are planning to build up the headquarters free reserve over the next five years. In addition, the Trustees have designated £2,146,312 as Muslim Aid's consolidated fixed assets.

#### Investment policy

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

#### Trustees' Responsibilities

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing the financial statements, the Trustees have exercised care in regard to:

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

The Trustees have also exercised due care in keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993 and the charity's Governing Document. They have also ensured that the assets of the charity are safeguarded and protected by agreed mechanisms for the prevention and detection of fraud and other irregularities.

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



## MUSLIM AID

### Trustees' Report For the year ended 31 December 2010

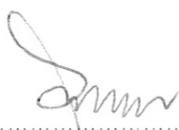
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#### Conclusion

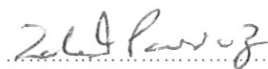
The charity's core programmes aimed at Muslim Aid becoming a global player in poverty alleviation remained on course. Efforts continued to strengthen internal structures, accountability, beneficiary input and policies to enable Muslim Aid to attract mainstream awareness, partnerships and funding. As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

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

The Audited Accounts of the charity were approved at Muslim Aid's AGM held in London on 25 June 2011.



Sir Iqbal Sacranie  
Chairman



Dr Zahid Parvez  
Treasurer

## **Independent Auditor's Report to the Trustees of Muslim Aid**

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We have audited the financial statements of Muslim Aid for the year ended 31 December 2010 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of trustees and auditors***

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### ***Basis of audit opinion***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### ***Opinion***

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2010, and of its incoming resources and application of resources, for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

*Chantrey Vellacott DFC UK*

CHANTREY VELLACOTT DFK LLP  
Chartered Accountants  
Registered Auditor  
LONDON

Date: *25 June 2011*

# MUSLIM AID

## Statement of Financial Activities For the year ended 31 December 2010

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2010 £	2009 Restated £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary income:</i>					
Donations	2	2,652,400	7,812,865	<b>10,465,265</b>	10,363,479
Gifts in Kind		-	6,726,578	<b>6,726,578</b>	20,338,037
<i>Activities for generating funds:</i>					
Investment and other income	3	63,976	-	<b>63,976</b>	127,370
<b>Incoming resources from charitable activities:</b>					
Institutional Grants	4	345,510	7,561,150	<b>7,906,660</b>	13,181,153
<b>Total incoming resources</b>		<b>3,061,886</b>	<b>22,100,593</b>	<b>25,162,479</b>	<b>44,010,039</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Fundraising	5	1,562,981	-	<b>1,562,981</b>	1,361,240
Cost of Fundraising Trading		-	-	<b>-</b>	82,449
		<b>1,562,981</b>	<b>-</b>	<b>1,562,981</b>	<b>1,443,689</b>
<b>Charitable activities</b>					
Emergency Relief		-	11,276,153	<b>11,276,153</b>	17,373,328
Education		-	1,238,044	<b>1,238,044</b>	672,397
Health Care		-	2,825,495	<b>2,825,495</b>	15,811,495
Economic Empowerment		366,781	467,357	<b>834,138</b>	4,453,020
Water & Sanitation		-	916,305	<b>916,305</b>	790,274
Qurbani/Ramadan and other religious dues		273,079	1,457,013	<b>1,730,092</b>	1,346,375
Rainbow Family		-	864,897	<b>864,897</b>	459,226
<b>Total Charitable expenditure</b>	5	<b>639,860</b>	<b>19,045,264</b>	<b>19,685,124</b>	<b>40,906,115</b>
<b>Governance costs</b>	6	<b>62,417</b>	<b>-</b>	<b>62,417</b>	<b>50,452</b>
<b>Total Resources Expended</b>	5	<b>2,265,258</b>	<b>19,045,264</b>	<b>21,310,522</b>	<b>42,400,256</b>
<b>Net incoming resources before transfers</b>					
Net income for the Year		796,628	3,055,329	<b>3,851,957</b>	1,609,783
<b>Transfers between funds</b>					
	12	(7,200)	7,200	<b>-</b>	<b>-</b>
<b>Exchange surpluses/(deficits)</b>		<b>84,428</b>	<b>-</b>	<b>84,428</b>	<b>(389,449)</b>
<b>Net Movement in funds</b>		<b>873,856</b>	<b>3,062,529</b>	<b>3,936,385</b>	<b>1,220,334</b>
Total Funds at 31 December 2009		3,146,733	7,166,932	<b>10,313,665</b>	9,093,331
<b>Total Funds at 31 December 2010</b>		<b>4,020,589</b>	<b>10,229,461</b>	<b>14,250,050</b>	<b>10,313,665</b>

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 13 to 19 form an integral part of these financial statements.

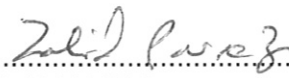
# MUSLIM AID

## Balance sheet as at 31 December 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	8	2,146,312	1,992,800
		<u>2,146,312</u>	<u>1,992,800</u>
<b>Current assets</b>			
Inventories	9	1,106,409	348,217
Debtors	10	2,886,886	2,041,313
Cash at bank and in hand		11,686,241	8,275,621
		<u>15,679,536</u>	<u>10,665,151</u>
<b>Creditors:</b> amounts falling due within one year	11	(3,575,798)	(2,344,286)
<b>Net current assets</b>		<u>12,103,738</u>	<u>8,320,865</u>
<b>Net total assets</b>		<u>14,250,050</u>	<u>10,313,665</u>
<b>The total funds of the charity</b>			
Unrestricted income funds			
- General fund	12	1,874,277	1,146,733
- Designated fund	12	2,146,312	2,000,000
Restricted income funds	12	10,229,461	7,166,932
		<u>14,250,050</u>	<u>10,313,665</u>

The financial statements were approved by the Board of Trustees on 25 June 2011 and signed on its behalf by:

  
 .....  
**Sir Iqbal Sacranie OBE**  
**Chairman**

  
 .....  
**Dr Zahid Ali Parvez**  
**Treasurer**

The notes on pages 13 to 19 form part of these financial statements.

# MUSLIM AID

## Cash flow statement

For the year ended 31 December 2010

	Notes	2010 £	2009 £
<b>Reconciliation of operating gain to net cash inflow from operating activities</b>			
Operating gain		3,936,385	1,220,334
Add: Depreciation		180,247	223,379
Add: Loss on Disposal		47,421	80,235
(Increase) in inventories		(758,192)	1,184,913
(Increase) in debtors		(845,573)	(825,162)
Increase in creditors		1,231,512	1,079,558
<b>Net cash inflow from operating activities</b>		<b>3,791,800</b>	<b>2,963,257</b>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		3,791,800	2,963,257
Payments to acquire tangible fixed assets		(381,180)	(103,697)
<b>Increase in cash in the year</b>	14	<b>3,410,620</b>	<b>2,859,560</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		3,410,620	2,859,560
Net funds at 1 January 2010		8,275,621	5,416,061
<b>Net funds at 31 December 2010</b>		<b>11,686,241</b>	<b>8,275,621</b>

## Notes to the financial statements For the year ended 31 December 2010

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### 1 Accounting policies

#### a) Basis of accounting

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

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

#### b) Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when Muslim Aid is entitled to the receipt and the amount can be measured with reasonable certainty. Gifts in Kind for which Muslim Aid accepts full responsibility for distribution are included in income at their market value (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. The value of services provided by volunteers has not been included.

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

#### c) Resources expended

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

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

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

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

During the year the Trustees reconsidered the way in which costs are allocated against the headings in the Statement of Financial Activities and have re-analysed them in order to more accurately reflect the project costs. For comparative purposes, the relevant expenses for 2009 have been restated on the revised basis.

#### d) Tangible fixed assets and depreciation

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

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

#### e) Micro credit schemes

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

# MUSLIM AID

## Notes to the financial statements For the year ended 31 December 2010

### f) Funds

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

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

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

### g) Shariah and administration costs

The charity complies with Shariah law as provided in the Holy Quran and Sunnah.

### h) Leases

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

### i) Inventories

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

2	Donations			Total	Total
		Unrestricted	Restricted	2010	2009
		£	£	£	£
	Donations received in UK	1,243,281	6,662,927	7,906,208	8,561,795
	Gift aid	1,409,119	-	1,409,119	1,442,684
	Donations received at Field Offices	-	1,149,938	1,149,938	359,000
		<u>2,652,400</u>	<u>7,812,865</u>	<u>10,465,265</u>	<u>10,363,479</u>
3	Investment and other income			Total	Total
		Unrestricted	Restricted	2010	2009
		£	£	£	£
	Bank deposit profit	63,976	-	63,976	83,212
	Shop turnover	-	-	-	44,158
		<u>63,976</u>	<u>-</u>	<u>63,976</u>	<u>127,370</u>
4	Institutional income			Total	Total
		Unrestricted	Restricted	2010	2009
		£	£	£	£
	ECHO	270,237	1,060,709	1,330,946	1,268,358
	DfID	-	240,174	240,174	379,826
	UNDP	-	77,649	77,649	-
	UNOCHA	-	28,651	28,651	138,291
	Helping Hands / ICNA	-	70,863	70,863	15,646
	UMCOR	-	44,708	44,708	79,173
	NAMA Foundation	5,058	45,517	50,575	15,814
	London City Council	-	142,540	142,540	142,540
	Other Institutional Grants	70,215	1,625,205	1,695,420	3,154,264
	Institutional Grants at Field Offices	-	4,225,134	4,225,134	7,987,241
	<b>Total Institutional Income</b>	<u>345,510</u>	<u>7,561,150</u>	<u>7,906,660</u>	<u>13,181,153</u>

# MUSLIM AID

## Notes to the financial statements For the year ended 31 December 2010

<b>5 Resources expended</b>				<b>2010</b>	2009
	Direct costs	Staff costs	Support costs	<b>Total costs</b>	Total costs
	£	£	£	£	£
<b>Cost of generating funds</b>	1,134,890	410,573	17,518	<b>1,562,981</b>	1,443,689
<b>Charitable activities</b>					
Emergency Relief	10,656,115	497,485	122,553	<b>11,276,153</b>	17,373,328
Education	1,124,124	99,280	14,640	<b>1,238,044</b>	672,397
Health Care	2,651,913	139,273	34,309	<b>2,825,495</b>	15,811,495
Economic Empowerment	780,697	42,878	10,563	<b>834,138</b>	4,453,020
Water & Sanitation	858,780	46,155	11,370	<b>916,305</b>	790,274
Qurbani/Ramadan	1,625,787	83,689	20,616	<b>1,730,092</b>	1,346,375
Rainbow Family	809,485	44,460	10,952	<b>864,897</b>	459,226
<b>Total Charitable activities</b>	<b>18,506,901</b>	<b>953,220</b>	<b>225,003</b>	<b>19,685,124</b>	40,906,115
<b>Governance cost (see note 6)</b>	<b>62,417</b>	<b>-</b>	<b>-</b>	<b>62,417</b>	50,452
<b>Total resources expended</b>	<b>19,704,208</b>	<b>1,363,793</b>	<b>242,521</b>	<b>21,310,522</b>	42,400,256

<b>6 Resources expended: Governance Costs</b>	<b>2010</b>	2009
	£	£
Trustees Reimbursements, Travel & Hotel	<b>4,337</b>	5,092
External Audit fee	<b>23,500</b>	25,000
Internal Audit fee	<b>-</b>	17,858
Legal and other costs	<b>34,580</b>	2,502
	<b>62,417</b>	50,452

<b>7 Staff cost and number of employees</b>	<b>2010</b>	2009
	Number	Number
The average monthly numbers of employees in the UK during the year were:		
Permanent	<b>57</b>	62
Temporary	<b>4</b>	12
<b>Employment costs</b>	<b>2010</b>	2009
	£	£
Gross Pay	<b>1,244,807</b>	1,304,447
Employer's national insurance	<b>118,986</b>	94,415
	<b>1,363,793</b>	1,398,862

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

The average numbers of employees in Field offices were:

Head count.	<b>1,591</b>	1,394
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# MUSLIM AID

## Notes to the financial statements For the year ended 31 December 2010

### 8 Tangible fixed assets

	Leasehold & Freehold buildings	Computers & software	Fixtures & fittings	Office equipment	Vehicles	Total
<b>Cost</b>	£	£	£	£	£	£
At 1 January 2010	1,232,415	265,059	157,097	408,159	595,667	2,658,397
Additions	101,976	46,790	40,577	65,964	125,873	381,180
Disposals	-	(5,517)	(166)	(3,595)	(38,143)	(47,421)
As at 31 December 2010	<b>1,334,391</b>	<b>306,332</b>	<b>197,508</b>	<b>470,528</b>	<b>683,397</b>	<b>2,992,156</b>
<b>Depreciation</b>						
At 1 January 2010	76,557	210,190	51,973	166,812	160,065	665,597
Charge for the year	9,638	30,198	16,911	50,755	72,745	180,247
Disposals	-	-	-	-	-	-
As at 31 December 2010	<b>86,195</b>	<b>240,388</b>	<b>68,884</b>	<b>217,567</b>	<b>232,810</b>	<b>845,844</b>
<b>Net book values</b>						
<b>At 31 December 2010</b>	<b>1,248,196</b>	<b>65,944</b>	<b>128,624</b>	<b>252,961</b>	<b>450,587</b>	<b>2,146,312</b>
At 31 December 2009	1,155,858	54,869	105,124	241,347	435,602	1,992,800

### 9 Inventories

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

### 10 Debtors

	2010	2009
	£	£
Gift aid	1,263,494	413,614
Loan - Al Hijra school	-	100
Receivable from Institutions	1,245,313	331,157
Other debtors	378,079	1,296,442
	<b>2,886,886</b>	<b>2,041,313</b>

# MUSLIM AID

## Notes to the financial statements For the year ended 31 December 2010

<b>11 Creditors: amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Other taxes and social security costs	-	30,292
Other creditors	<b>3,575,798</b>	2,313,994
	<b>3,575,798</b>	<b>2,344,286</b>

<b>12 Restricted funds and Unrestricted funds</b>	<b>As at</b>	<b>Incoming</b>	<b>Resources</b>		<b>As at</b>
	<b>01-Jan-10</b>	<b>Resources</b>	<b>Expended</b>	<b>Transfers</b>	<b>31-Dec-10</b>
<b>Restricted funds</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Emergency Relief	5,569,511	12,941,844	(11,276,153)	7,200	7,242,402
Education	254,640	920,582	(1,238,044)	191,796	128,974
Healthcare	-	2,195,332	(2,825,495)	722,660	92,497
Economic Empowerment	-	2,350,464	(467,357)	-	1,883,107
Water and Sanitation	712,947	704,699	(916,305)	(13,568)	487,773
Religious Dues	196,661	2,173,818	(1,457,013)	(863,825)	49,641
Rainbow Family	433,173	813,854	(864,897)	(37,063)	345,067
	<b>7,166,932</b>	<b>22,100,593</b>	<b>(19,045,264)</b>	<b>7,200</b>	<b>10,229,461</b>
<b>Unrestricted funds</b>					
General Funds	<b>1,146,733</b>	<b>3,146,314</b>	<b>(2,418,770)</b>	<b>-</b>	<b>1,874,277</b>
<b>Designated fund</b>					
Fixed Assets	<b>2,000,000</b>	<b>-</b>	<b>153,512</b>	<b>(7,200)</b>	<b>2,146,312</b>
<b>Total funds</b>	<b>10,313,665</b>	<b>25,246,907</b>	<b>(21,310,522)</b>	<b>-</b>	<b>14,250,050</b>

<b>13 Net assets by funds</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	2,146,312	-	2,146,312
Net current assets	1,874,277	10,229,461	12,103,738
	<b>4,020,589</b>	<b>10,229,461</b>	<b>14,250,050</b>

<b>14 Analysis of change in net funds</b>	<b>Opening</b>		<b>Closing</b>
	<b>balance</b>		<b>balance</b>
	<b>1 January</b>	<b>Cash flow</b>	<b>31 December</b>
	<b>2010</b>	<b>movement</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	8,275,621	3,410,620	11,686,241

**15 Costs and related income**

The charity funds some of its delivery costs from specific income. That is from the sum of gift aid (£1,409,119) , bank deposit profit (£63,976) , and income from Institutional Funds for that specific purpose (£345,510), totalling £1,818,605.

**16 Related parties**

A number of Trustees were Trustees or employees of other charities who received funds from Muslim Aid for sponsorships, other projects or services provided. The funds received by these charities amounted to £202,934. No Trustee received any personal benefit from these disbursements.

**17 Taxation**

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

**18 Commitments**

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

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
Within one year	-	72,000
	<u>          </u>	<u>          </u>

B) Obligations under operating leases:

Annual obligations under non cancellable operating leases.

	<b>Land and buildings</b>	
	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
Operating lease which expire:		
Between 2- 5 years	57,120	81,337
	<u>          </u>	<u>          </u>

**19 Micro credit loans**

In accordance with our accounting policy on micro credit loans these are not treated as assets. At the year end the loans outstanding in our field offices totalled £4,026,815 (2009: £3,429,241).