



Annual Report and Financial Statement

For the year ended 31 December 2020

Contents

Message From The Chair Of Trustees	3
Message From The Chief Executive	4
Strategic Report	6
Our Achievements And Performance In 2020	12
Humanitarian Programme	13
Qurbani Programme	20
Rainbow Family	20
Development Programmes	22
Livelihoods	23
Education	26
Health	30
Fundraising Highlights	34
Structure, Governance And Management	46
Independent Auditor's Report To The Trustees Of Muslim Aid	58
Statement Of Financial Activities	61
Balance Sheet	62
Statement Of Cash Flows	63
Notes To The Financial Statements	64

Message from the Chair of Trustees

It is with great pleasure that we share with you our annual report for 2020, after what has been an unprecedented and challenging year for everyone around the world. For charities it has meant being unable to use some traditional channels, involving face-to-face contact, to raise vital funds, and on the other side the challenge of delivering aid, with Covid-19 restrictions.

Despite the challenges of Covid-19, 35 years on from its establishment, Muslim Aid is continuing its mission of serving humanity. It remains an organisation rooted in its Islamic values and driven by the trust of its incredibly generous partners, donors and supporters in the United Kingdom and around the world. We are grateful to all of them enabling us to deliver aid to some of the most desperate people in the world, particularly in some of the most challenging environments that exist.

In 2020 we appointed a new CEO and formed a new leadership team mandated to strengthen a culture that reflects our values, to overhaul our systems, policies, processes and procedures and to bring them and project delivery under greater control and governance oversight.

So 2020 represented a year of transformation and change at Muslim Aid. We had already begun a comprehensive root and branch transformation of our organisation in previous years focused on making it a more streamlined and effective operator within the sector. The impact of the Covid-19 pandemic on the whole charity sector simply meant that some of those changes we had originally planned were brought forward, compelling us to make the necessary changes more quickly to ensure we can better deliver humanitarian aid to those beneficiaries in the hardest to reach parts of the world. The transformation programme resulted in halving our workforce in the United Kingdom and other cost efficiency measures, whilst maintaining our ability to deliver on the ground.

We continue to evolve and adapt our global operations to meet the needs of those we serve in the current Covid-19 landscape. We have reviewed our operating model with a



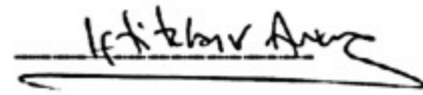
view to becoming more efficient, resilient and transparent in relation to the cost of delivery for our many programmes and projects.

The current Board, appointed in 2018, was given an Action Plan by the Charity Commission to address some historical shortcomings in policies and procedures, and their implementation. This required significant work, over a long period, from the Leadership Team and with input from the Board. This was done whilst coping with Covid-19 restrictions, carrying out organisational transformation, and ensuring that the 'day job' of raising funds and delivering

aid continued. We are pleased that in the most recent communication from the Charity Commission, they have recognised the significant progress in meeting the requirements of the Action Plan. This, along with the transformation, and cost efficiencies, provides a strengthened foundation on which we can continue to build our capabilities to deliver our work.

On behalf of the entire Board, Leadership Team and staff across the Muslim Aid family, I wish to extend our heartfelt thanks to the many partners, donors, supporters, and volunteers, all over the world, for their limitless trust,

commitment and loyalty throughout a difficult year. We will continue working hard to help those most in need, despite the challenges of the post-pandemic world, with the same zeal, spirit, and determination we have always shown over the past 35 years of serving humanity.



IFTIKHAR AHMED AWAN
Chair of the Board of Trustees

Message from the Chief Executive

We are indebted to those of you who have supported Muslim Aid from the very beginning in helping us to save and change millions of lives in the most marginalised communities around the world.



The COVID pandemic has shown that it will take an equally noble effort to overcome some of the most severe and challenging humanitarian crises currently upon us. Today, we see the work of Muslim Aid and its partners only becoming more critical as the pandemic exposes the fragility of those that we serve and those trying to serve them. It is a tribute to our hardworking team, and a sign of divine blessing, that we not only met our programme and income targets but in some countries, exceeded them.

To many of our beneficiaries, news of the global pandemic is either non-existent or a distant priority. The refugee crisis in Sudan sees arrivals walking for over 5 days across barren lands from Eritrea and Ethiopia, traumatised, exhausted, and starving. 9,000 are given cooked meals, basic health checks and shelter by Muslim Aid to begin their journey toward rebuilding their lives. They have no access to COVID testing or counter measures – COVID is yet another hardship in a long list of challenges.

The protracted crises in Yemen and Syria over the past decade compelled Muslim Aid to adapt. We combined our life saving support with PPE and WASH programmes to counter the spread of



the pandemic amidst communities and ensure critical long-term work can continue rebuilding lives.

In the UK, our teams have been working from home in line with government guidance since the first lockdown, a month before the busiest time of the year in our charitable calendar. Several fundraising activities planned with our partners and mosques had to be cancelled. Our income generation teams worked tirelessly to reach our donors through digital, TV and direct calls and managed to return income to expense ratios better than 2019, whilst halving their fundraising costs from £5m to £2.3M and delivering over £12M of direct aid to over 5 million people. A tremendous effort was made by country teams to get Zakat and Sadaqah to those in need.

**£12M OF DIRECT AID TO
OVER 5 MILLION PEOPLE**

We are still very much on our journey of change. Despite the challenges of the pandemic we have continued to streamline our operations in the UK and abroad whilst strengthening and investing in our governance functions, ensuring effective

use, monitoring, and reporting of our operations and the safety of our staff and beneficiaries. As we entered 2021 we renewed our commitment to being the charity of choice for our loyal grassroots donors and have already launched the transformational Community Based Model of our flagship Rainbow Family Child support programme, our free Wills and Legacy service and a Zakat framework that will become a gold standard for a sector responsible for collecting over £100 million in Ramadan alone.

Despite the challenges of the pandemic worldwide on our teams and beneficiaries, the selflessness and resilience of Muslim Aid staff and partners have shown that 35 years of experience counts, and we are inspired to continue to work towards a world that is just and harmonious, as ordained by God, where everyone can achieve their potential with dignity.



KASHIF SHABIR
Chief Executive

Strategic Report



We set out Muslim Aid's mission, values and strategic goals. This is then followed by our key activities against those objectives, illustrated through case studies and our achievements by our respective teams.

WHO WE ARE AND OUR OBJECTS CLAUSE

Muslim Aid is a faith-based international relief and development agency, working toward achieving its public benefit objective and specifically, to tackle poverty and relieve human suffering in support of people globally, in accordance with Islamic teachings.

Muslim Aid has been working for over three decades to help save and improve the lives of millions of people in many of the world's poorest countries.

OUR VISION

Our Vision is of a world that is just and harmonious, as ordained by God, where everyone can achieve their potential with dignity.

OUR MISSION

We will provide effective relief and development, applying our values in order to achieve a just and sustainable future for the places in which we work. We will work together with communities, people and partners to respond to crises and to increase their resilience and self-sufficiency on their own terms.

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:

• Dignity (Karamah)

Dignity is God-given; it requires us to treat people with respect, honour and value their agency. At Muslim Aid we believe treating people with dignity is the starting point to creating an environment which is serious about ending suffering and inequality. We will embed this in our approach to relief and development through increasing the ability of communities we work with to shape our practices, and judging our success based on the agency it has afforded people. We will prize dignity in all our endeavours and our dealings with other people, be they staff, volunteers, donors, stakeholders, communities or the general public. We will strive to create a world in which everyone has the foundations upon which they can realise their dignity and pursue their contribution to the fullest.

• Justice (Adl)

Justice is an important tenet of the Islamic faith and one of the 99 qualities of God. We are required to uphold it everywhere, even at personal cost. At Muslim Aid we place justice at the heart of our work. Our projects will provide just outcomes for communities we work with, and we will campaign to draw attention to and tackle injustice. We will be just in our dealings with donors and the wider public by valuing good governance, accountability and transparency. We will be just with our partners and our colleagues, which means having an open and honest environment in which everyone feels a valuable part of our organisation.

• Excellence (Ihsan)

Excellence is a quality that brings us closer to God. It is not limited to worship but includes the way we conduct ourselves with others as God's custodians of the earth. At

Muslim Aid we will seek excellence both as individuals and in our systems, structures and processes. We will always strive to be better. We will measure excellence based on evidence, avoid complacency and continually look for opportunities to improve, grow and renew every aspect of our work.

• Compassion (Rahma)

Muslim Aid is committed to showing our compassion through serving humanity. At Muslim Aid we see compassion as love and mercy in all our interactions with people. This allows us to listen, connect and elevate our interactions. We will prioritise building strong relationships based on compassion in our projects. We will show understanding for people's experiences and circumstances, and care and concern for their needs. We will demonstrate warmth, kindness and empathy both in our behaviour as individuals and in the practices and projects we create.

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

Our Strategic Goals

<p>GOAL 1: Deliver an effective emergency response globally</p>	<p>Muslim Aid intends to ensure it can continue to respond speedily and effectively to emergencies with quick delivery of humanitarian relief and rehabilitation to the victims of natural and man-made disasters. We will also focus on developing and upgrading our capacity to link relief and rehabilitation with long term development.</p>
<p>GOAL 2: Secure sustainable livelihood opportunities for the marginalised and the poorest communities</p>	<p>In most of the countries where Muslim Aid is working, millions of people are living in extreme poverty. Muslim Aid will implement programmes to improve the livelihoods of the poor and marginalised, enabling them to live with dignity through restoring livelihood opportunities, improving agriculture productivity, enabling access to microfinance, improving skills and the creation of new enterprises through appropriate training and logistic support.</p>
<p>GOAL 3: Provide access to quality primary education; especially for girls</p>	<p>Muslim Aid's education programme will continue to work at providing the poor and marginalised with opportunities to obtain a basic primary education. Our focus will be to particularly enable girls to attend school – thereby creating opportunities to break out of the cycle of poverty for future generations.</p>
<p>GOAL 4: Improve access to MNCH and primary health care services</p>	<p>Muslim Aid's healthcare programme will work to improve care and enhanced service delivery for the poor and marginalised. We will provide primary and reproductive health care to help in the prevention, early detection, and treatment of life-threatening childhood diseases and promote the health and well-being of children and mothers. Poor women have limited access to maternal health care services to mitigate risks associated with pregnancy. Muslim Aid's healthcare programme will focus on combating the major causes of childhood deaths and diseases.</p>
<p>GOAL 5: Increase income from diversified sources by increasing fundraising capacity</p>	<p>Without increasing income and improving organisational capacity, our vision and programmes will simply fail to materialise. A specific focus through these goals will be to build the capacity of the organisation to raise increased levels of income and to establish stronger administrative, technical, financial, management and governance systems to ensure our resources are utilised in the most appropriate, effective and efficient way to maximise the impact of our work.</p>
<p>GOAL 6: Ensure that Muslim Aid is an effective, transparent and accountable organisation to all its stakeholders</p>	



WHAT WE DO

Working in over 20 countries through our country offices and partners across Africa, Asia and Europe, Muslim Aid strives to help those with limited resources overcome the suffering endured due to natural and other disasters, and a lack of basic necessities. We work with all those in need, regardless of their faith, race, ethnicity, age and ability.

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

- Humanitarian/Emergency Response;
- Education;
- Healthcare; and
- Livelihood.

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

WHERE WE WORK

Muslim Aid operates through a network of Country Offices and local partners. These are set up either as locally registered NGOs that manage their own governance and financial obligations, 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, their financial statements are also incorporated into the consolidated Muslim Aid financial statements.

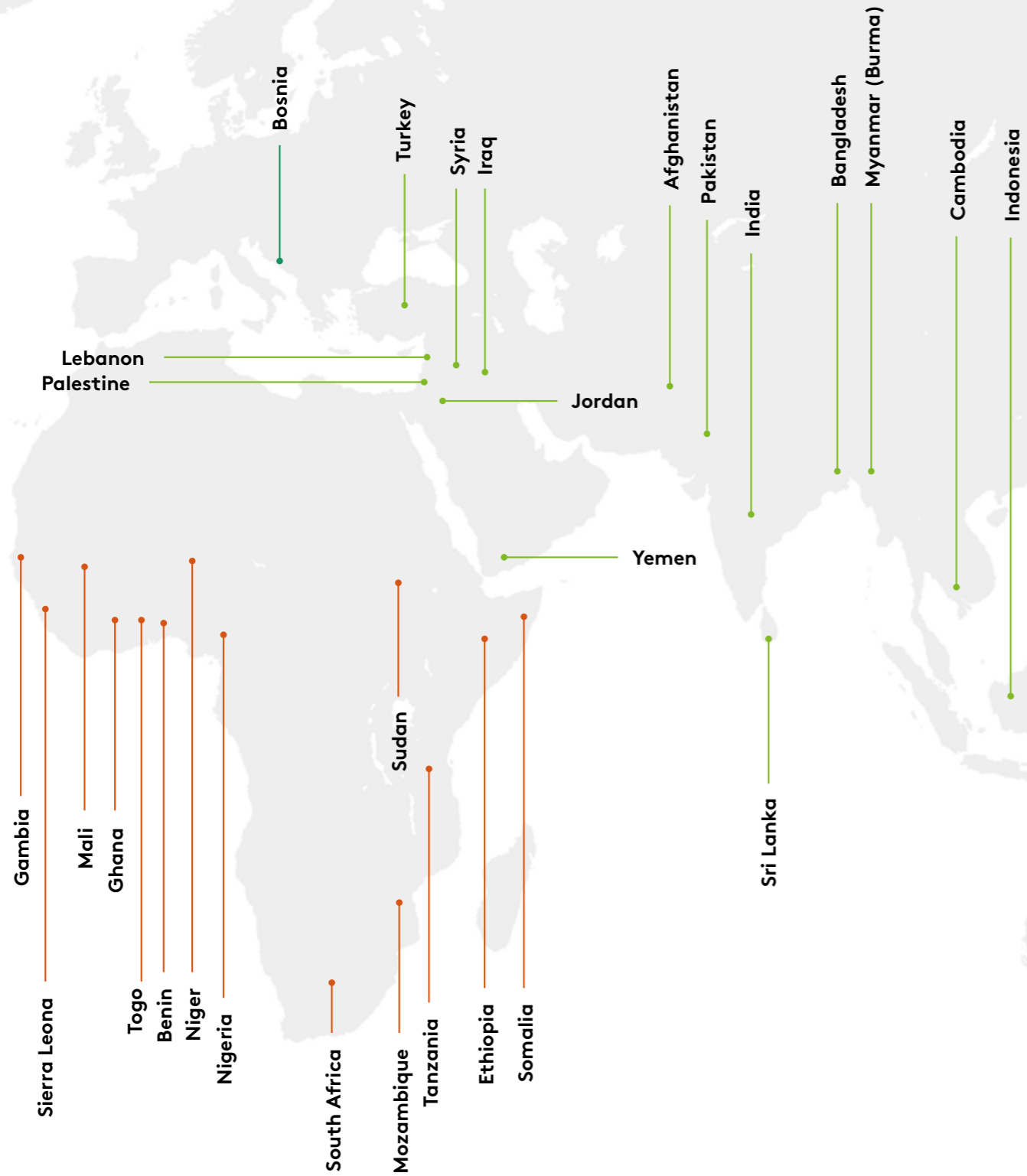
Country Offices are funded through a combination of their own income generation initiatives (such as grants and contracts secured in-country from institutional donors and grant funders) in addition to funding from the United Kingdom main office derived from public fundraising.

The UK Office liaises with the local Country Office staff to help develop and monitor the programme activity. We operate in the following countries through either a branch/country office in Bangladesh, Pakistan, Myanmar, Sudan and Somalia, as local entity in Bosnia, Sri Lanka and through various partners where we do not have a country presence.

WHO WE WORK WITH

The number of community-based humanitarian organisations that Muslim Aid works with has grown over time. 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 Islamic Development Bank (IDB), United Nations Development Programme (UNDP), World Food Programme (WFP).

Where We Work



Our Achievements and Performance in 2020



2020 was an unprecedented year for the world and for Muslim Aid. With the COVID pandemic, we, like many organisations, went through a difficult transition. This included working from home for office staff, furlough under the Coronavirus Job Retention Scheme, reduction of Country Offices and a reorganisation and reduction of roles at our UK Head Office. We worked hard to continue to support our Country Offices and Partner Organisations through this unprecedented time.

Alongside the changes, we continued to work on transitioning our Rainbow Family Programme to a more Community-Based Model (CBM) with larger impact; we responded and continue to respond to the pandemic through a global intervention; and we worked hard on developing our relationships with government stakeholders and international institutions. Through the combined efforts of the International Programmes Department, Country Offices, and Partners, we spent £12,562,338 reaching over 1.3m direct beneficiaries whilst 3.9m benefited indirectly across the world.



Humanitarian Programme



The effects of the COVID pandemic continue to devastate health systems and financial systems in those countries that we work in today.

In consultation with our Country Offices, Muslim Aid designed a global programme with a package of interventions to support the most vulnerable members of society. Initially, as the pandemic overlapped with our annual programme of Ramadan, the response in many of the countries in which we delivered interventions included food alongside hygiene activities. As the year continued to cause further suffering due to the virus, we found that the integration of COVID activities in our projects (development and humanitarian) should be included to maximise the impact. For this reason, we integrated our Winter Programme to include hygiene kits and hygiene awareness.

Whilst the virus was impacting heavily on our emergency response programme, we continued to address other emergencies such as the migrant issues in Bosnia which perhaps was not so well publicised in the media but had devastated the lives of people on the ground. Overall, in 2020, through our Humanitarian Programme, we spent over £7.1m to directly impact 613,474 people and indirectly 841,103 people.

Overall, in 2020, through our Humanitarian Programme,
WE SPENT OVER £7.1M TO DIRECTLY IMPACT 613,474 PEOPLE AND INDIRECTLY 841,103 PEOPLE.



Achievements & Performance 2020

Humanitarian



£7,000,000+
1,000,000+ people

We reached over 1,000,000 people across 18 countries including; Bangladesh, Bosnia, Cambodia, India, Indonesia, Jordan, Lebanon, Myanmar, Pakistan, Palestine, Sierra Leone, Somalia, South Africa, Sri Lanka, Sudan, Syria and Yemen.

Ramadan & COVID-19 Programme



100,000+ people | 8 countries
£565,000 expended

We provided relief to over 100,000 people in 8 countries across Africa, Middle East & South Asia.

Qurbani



295,000+ people | 11 countries
£500,000+ Aid distributed

Through the help and generosity of our donors, we were able to complete their religious obligation.

Rainbow Family



7,000 children reached | 14 countries
£1,000,000+ expended

The programme supported vulnerable children to access primary and secondary education through quarterly cash transfer.

Winter Campaign



65,000+ people | 6 countries
£200,000+

This year, our 2020-2021 winter programme not only included blankets, winter kits, mattresses and warm clothing, but incorporated hygiene materials to help tackle the spread of COVID-19.



Bangladesh

Cyclone Amphan made landfall on May 20, 2020 affecting millions of vulnerable people in Bangladesh.

Our team in Bangladesh responded through two projects:

- One targeting 47 cyclone-affected households through establishing shelter and toilets and providing hygiene kits.
- The second intervention ensured that families had access to food and WASH items through Unconditional Cash Grants. Together, both projects reached 433 families. This project was funded under our Zakat eligible programmes.



Sirajul Islam (age 32) is a day labourer, who has a family of 4 members. His house, prior to Cyclone Amphan on May 21, 2020 was small and made of tin. After the cyclone, his house was torn apart, his yard was submerged in water and the communication system became waterlogged.

Being the only earning member of his family, he struggled to cover his food expenses and had no financial ability to repair his shelter. His family started living on an abandoned chicken farm which belongs to their relatives.

Within two months, Muslim Aid constructed his shelter, which includes WASH facilities. The family also attended an orientation on personal health and hygiene and received a hygiene kit to stay safe amidst the COVID pandemic. The family are now happy living in a beautiful house they can call home.

BEFORE



AFTER



Cambodia

In August 2020, Cambodia experienced heavy rainfall which caused widespread flooding and devastation. Muslim Aid Cambodia provided and continues to provide food, safe drinking water, sanitary items and medicine to over 5,000 vulnerable people.

Bosnia Herzegovina

The migrant crisis in Bosnia-Herzegovina has gradually evolved into a complex humanitarian situation characterised by an increased number of migrants.

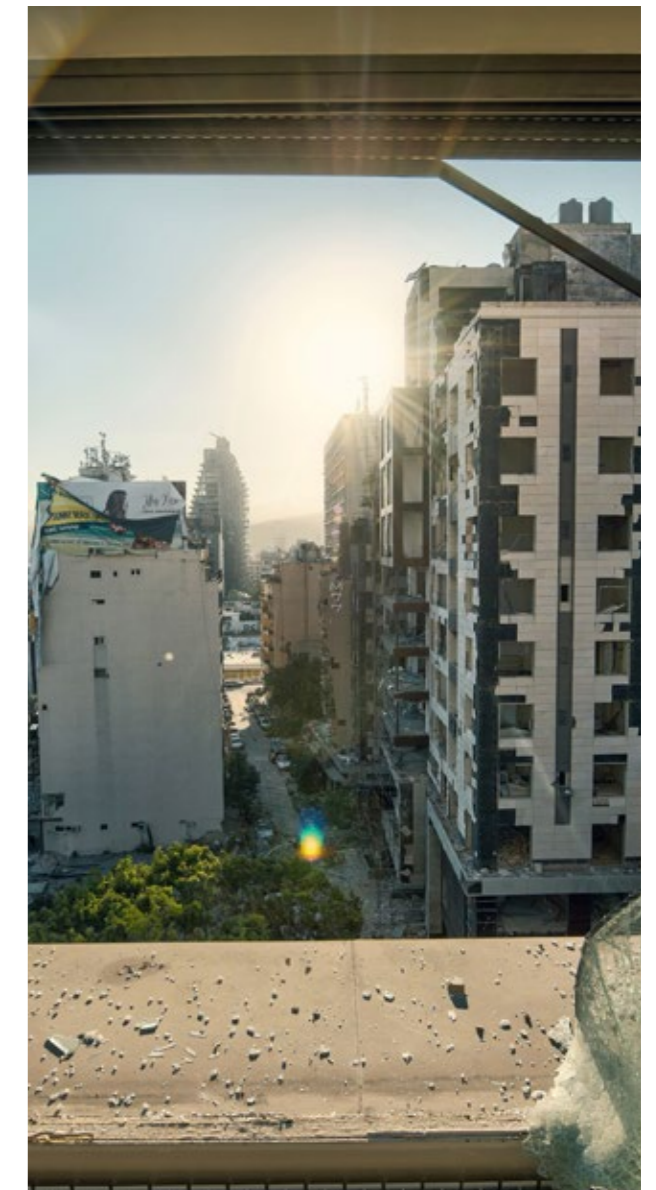
Muslim Aid Bosnia, in partnership with a local organisation, provided emergency assistance to 1354 immigrants/refugees around Tuzla city. The intervention included providing refugees access to urgent temporary shelter, food, medical support and non-food items such as clothes and bedding.



Lebanon

Inhabitants of Beirut were already suffering from several years of political and economic crisis, as well as several months of the COVID pandemic when an industrial disaster hit the city on 4 August 2020. The two blasts at a warehouse in the port of Beirut devastated an entire section of the city, killing at least 270 people.

To help the most vulnerable, Muslim Aid and our partner organisation provided emergency relief and protection, through financial assistance, psychological first aid, and referral to available services. Our intervention helped 250 people.



Ramadan and Covid-19 Programme

In 2020, unlike any other year, our annual Ramadan Programme was integrated with our COVID pandemic response whilst ensuring support to zakat eligible households to meet their basic needs during the fasting period, in 6 out of 8 countries we targeted: Pakistan, Bangladesh, Somalia, Palestine, Syria, and Yemen. In Indonesia, the project only focused on feeding the most vulnerable, and in Myanmar, the project only included COVID activities.

The programme was designed in consultation with Muslim Aid's Country Offices and aimed to reduce COVID infection rates and spread of the virus for vulnerable people in countries with limited health service systems.

Our response succeeded in providing relief for the most vulnerable, exposed our work, strengthened our relationship with institutions and partners and developed our existing projects.



Indonesia

Syukriah is a 60-year-old widow who has no children. She lives alone and her daily needs are supported by her relatives and neighbors.

For Ramadan 2020, Muslim Aid provided her with a food package to cover her daily needs.



SPECIAL LIVE APPEAL





Qurbani Programme

Every year, we carry out Qurbani sacrifices to distribute nutritional meat to the poor.

In 2020, with a total figure of £512,448 Muslim Aid distributed nutritional meat to 11 countries across the Middle East, Africa, South Asia, and South East Asia supporting Zakat eligible households. Through the help and generosity of our donors, who were able to complete their religious obligation, we reached 295,304 people.

In 2020, with total of £512,448	Muslim Aid distributed nutritional meat to 11 countries	Reaching 295,304 people
--	--	--------------------------------

Rainbow Family

The Rainbow Family Child Support Programme, first launched in 2007, is a 1-2-1 model which supports vulnerable children to access primary and secondary education through quarterly cash transfer.

In 2020, we supported approximately **7,204 children** across the Middle East, Africa, South Asia, and South East Asia. These were made possible through our Zakat funds.



In 2020, work was undertaken to explore shifting the current 1-2-1 model into a new Community Based Model (CBM). Education surveys and needs assessments were conducted across the 13 countries presently being supported. A research paper was also finalised along with a presentation to key stakeholders. A decision was made to launch the CBM model in July 2021, with a pilot project from first quarter of 2021.

Winter Campaign

This year, our 2020-2021 winter programme not only included blankets, winter kits, mattresses, and warm clothing, but incorporated hygiene materials to help tackle the spread of COVID.

Our programme was implemented in 6 countries: **Palestine, Syria, Pakistan, Bangladesh, Lebanon and Myanmar.**
In total, we reached over 65,500 beneficiaries





Development Programmes



Whilst the COVID pandemic brought along disruption to everyday life through restrictions and lockdowns, our country offices and partners continued to work closely with the relevant authorities to ensure that work on the ground could continue.

The cooperation with key stakeholders, strong contingency plans and accounting for risk in delay of the projects contributed to the continuous successes we have made to our work this year. Overall, in 2020, despite all odds, we spent over £5.4m on development programmes impacting over 700,000 people and indirectly over 3 million people.

Overall in 2020, we spent over **£5.4 million** on development programmes

Impacting over **700,000** people

Indirectly over **3 million** people

Livelihoods

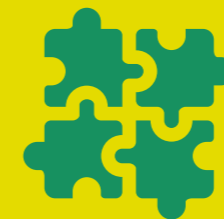
Our livelihood programmes this year continued to support beneficiaries through a varied approach, including through activities such as skills training, establishing small businesses, and supporting farmers and livestock breeders.

In 2020, we spent over £1.6m on livelihood projects, empowering 26,066 people and indirectly supporting over 100,000 others.

In 2020, we spent over **£1.6 million** on livelihood projects

Empowering **26,066** people

Indirectly supporting over **100,000** others



over **55,000** received vocational training

74% women access to livelihood activities



20,800+
20,500+

Households increased levels of disposable income

Individuals received sources of funding

22,000+



supported into employment



Syria

The agricultural sector in Syria is a key contributor to national Gross Domestic Product and represents the main source of income for most of the population. More than 75-80% of the population were dependent on this sector for their livelihood. Since the beginning of the Syrian crisis, the sector has been significantly affected by the decline in crop production, reduction in livestock numbers, destruction of infrastructure and services, and the loss of human resources for production.

To address the need, in 2020 we supported livestock breeders and farmers. For livestock breeders, we provided compound fodder, established mobile veterinary clinics and supported artificial insemination for cows. We also provided farmers with training to develop technical skills, and supported them through agricultural inputs such as seeds, fertilisers and fuel. Through this work, we directly helped 658 people.

Bosnia

According to data published by the European statistical office Eurostat in 2020, the Bosnia and Herzegovina population are the poorest in Europe. There are many under-privileged families who own and have access to land but due to economic reasons and lack of money or training are unable to make use of this. Agriculture and livestock breeding are good ways to reduce poverty.

To contribute towards poverty alleviation and help under-privileged families, Muslim Aid trained 40 people on how to maximise the production of milk and also the nutrition of farming animals. We also donated pregnant heifers to help with further pro-creation of calves. That will aid further production of milk and how to ensure the nutrition of farming animals.

Sri Lanka

Sri Lanka is largely self-sufficient in the production of most animal products, with the exception of dairy (Food and Agriculture Organisation (FAO)). The consumption of dairy products has increased and is expected to continue increasing over the next few years. The dairy industry has the potential to contribute considerably to both Sri Lanka's economic development and by providing livelihood opportunities at household level. A traditional industry, milk production also plays an important role in alleviating nutritional poverty and is a source of extensive employment opportunities. Livestock farming is also considered to be one of the most profitable ventures in rural areas and has the ability to withstand effects of climate change.

In 2020, Muslim Aid directly helped 200 local farmers become financially independent through training and support to increase production, establish their own farming business, understand best practice for farming and climate resilience and build knowledge in livestock management.

Palestine

Agriculture remains a key sector of the Gazan economy and support to this sector can contribute to reducing high unemployment and food insecurity.

In 2020, we implemented the first year of a livelihoods project that supported 200 farmers through restoring their land and increasing their productivity. The project also provided job opportunities for local unemployed labourers.

Syria Case Study

Mohamed Al Shabbut has a family of six members. The family have a low income despite the fact they own agricultural land. Due to high agricultural costs, the family are not able to utilise their assets to increase their income.

Muslim Aid provided the family with agricultural inputs such as fertilisers, pesticides, seeds, and fuels to cultivate crops. From cultivating the land, Mohamed and his family were able to profit from the crops and continue to use the land for other crops. The family are now in a sustainable position, and are continuing to secure a good income even after the project has ended.



Helped 200 local farmers



Supported 200 farmers through restoring land & increasing productivity





Education

Despite disruption to the education system this year, we continued to work hard to ensure marginalised boys and girls had access to quality education. This year we spent £1.1m and reached 9,266 children across 14 countries.

In 2020, we spent over
£1.1 million

over
597

New children
enrolled in school



over
2000

Children benefitted
from an improved
learning environment

over
9000

Children reached through
the educational programme
and Rainbow Family



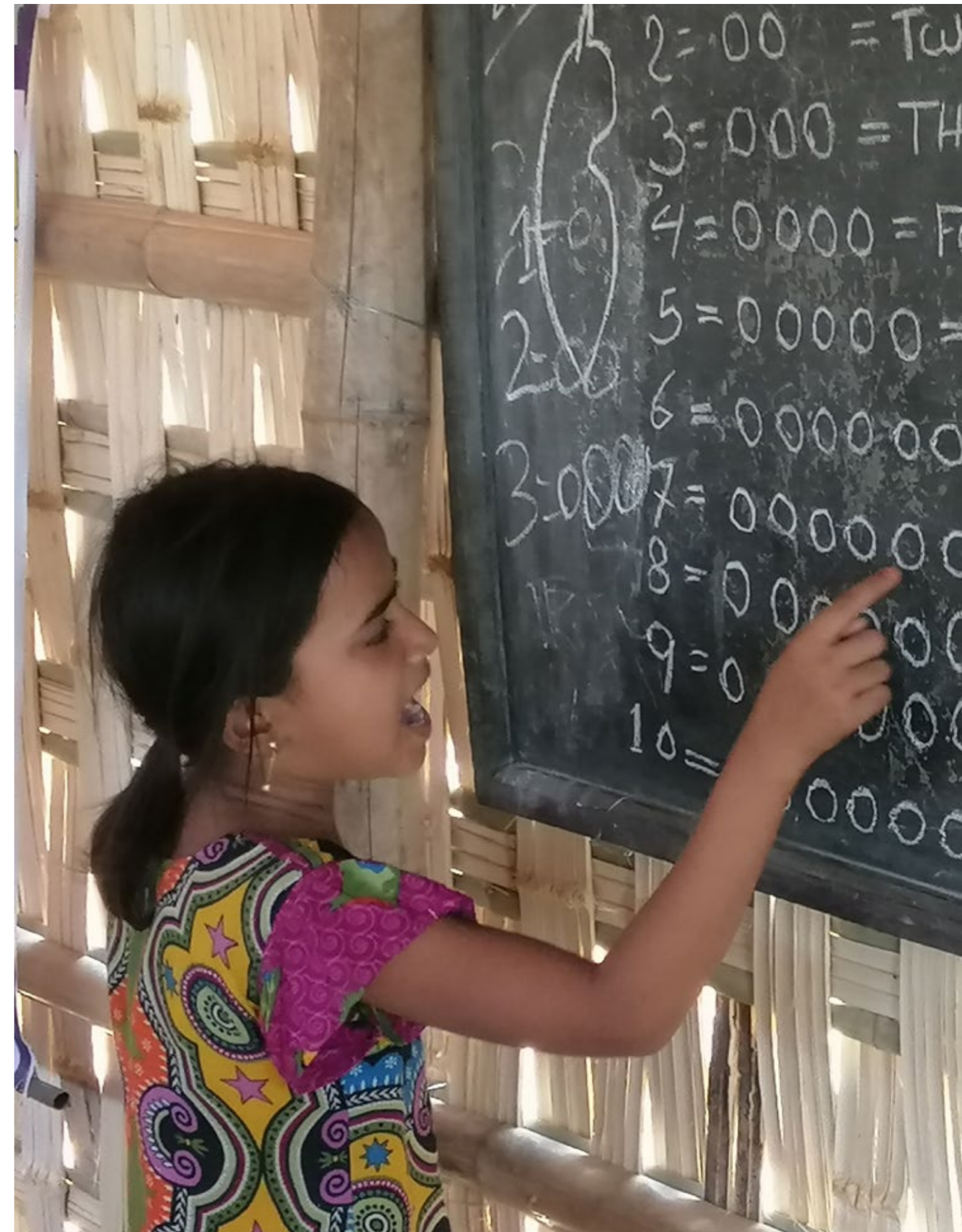
4

Schools
renovated



14

TLC and NFPE centres under
reconstruction during 2020 and 2021



Myanmar

Rakhine State, in western Myanmar, is relatively underdeveloped compared to other states and regions in the country. It suffers from the second highest rate of poverty (almost double the national average) in Myanmar, with regular tensions and communal conflicts.

In 2020, we began a project designed to ensure that children affected by conflict learn from quality, inclusive, safe and protective education so that no one is left behind. The project provides students with school kits, upgraded WASH facilities to facilitate the needs of girls and meet the needs of children with disabilities. Through this project, we aim to help just under 6,000 people over a period of 12 months.



Bangladesh

With the ongoing constraints that prohibit quality education in the refugee camps in Cox's Bazaar, Muslim Aid Bangladesh worked on a project that ensured girls and boys who have been directly affected by conflict in Myanmar, have uninterrupted access to learning.

We established 10 transitional learning spaces with separate WASH facilities for boys and girls, provided students, teachers, and partners with essential teaching and learning supplies, and improved the capacity of educational stakeholders so that they could continue to provide quality, child friendly education. From this project, we helped just under 3,500 people.

Bosnia-Herzegovina

In Bosnia-Herzegovina, division schooling system are very apparent in many schools where children have to study in sub-standard conditions. These children are marginalised by society and most of them come from very poor families who cannot afford even the most basic resources necessary for education. Many schools do not have the minimum number of books to form a school library.

Our Country Office in Bosnia worked hard to develop a mobile library and mobile cinema, which aims to improve the ability to learn and reduce social disparities. The mobile library visited on average 30 schools every 3-4 weeks and enabled children and teachers to borrow books and educational films



Alma Hadzic is a teacher at a primary school in the Republic of Srpska. The distance to the city library is very far. With the introduction of the Mobile Library, the students now have access to books.

When asking her about the project she said 'Thanks to the project, the school curriculum has been upgraded, students have access to the books they need and student vocabulary has been improved.'





Health

Out of all our development programmes, we were able to reach the most number of people in need through our health projects.

This year, our health projects totalled over £3.7m and reached an outstanding 723,464 people and indirectly 2,992,548 individuals. Projects not only included health interventions for the COVID pandemic but also continued to address pre-existing health needs in those countries we work in.

In 2020, our health project totalled
over £3.7 million



over
25,000

Children
vaccinated

Antenatal
care visits

over
26,000



over
24,000

Children given
supplementary
feeding

Health services
providers trained

124



Yemen

Towards the end of 2020, it was evident that COVID cases in Yemen were rising; after assessing 2 health facilities, we found that there was a need to improve the access to emergency lifesaving health services. To address the need, we began a project that will assist individuals with essential health services and will improve the capacities of health workers. Through this project, **we aim to help around 8,000 individuals.**



Pakistan

With financial support from ECHO, Muslim Aid Pakistan began a project that addresses key barriers to providing necessary COVID-19 testing and medical assistance to at risk populations.

The project supports the Pakistan Government's efforts to combat the spread of the virus through rehabilitating/installing inclusive sanitation facilities in areas that include health centres, jails, women centres, and orphanages. The project also provides handwashing stations, soaps, medical equipment and PPE to staff and beneficiaries, and trains health workers, sanitary works and jail staff to improve their capacity. **This project hopes to reach just over 1.2million people.**



Sudan

East Sudan hosts a continuously expanding population of refugees. Once asylum seekers arrive to the entry point, there is a need for proper reception conditions, including the provision of basic services, registration and refugee status determination.

Generally new arrivals walk for 5-6 days from different parts of Eritrea or Ethiopia to reach entry points at the Sudan border. These new arrivals are traumatised, exhausted, and starving in most cases. Along with meeting the need of shelter, protection, and basic health care there is an urgent need to be served with ready cooked meals. Muslim Aid Sudan prepared cooked meals for 9,000 newly arrived refugees.

Somalia

According to UNICEF (2018) malnutrition rates across Somalia remain among the worst in the world. In total, about 1.2 million children under five are estimated to be acutely malnourished, including 232,000 expected to be suffering from severe acute malnutrition (UNICEF, 2018).

In partnership with Global Medic and through funding from USAID, our team in Somalia distributed Lipid Based Supplement - Medium Quantity (LNS-MQ) sachets, which are used to prevent Moderate Acute Malnutrition and Severe Acute Malnutrition in children. In addition, we distributed family emergency kits alongside the sachets. In total, we managed to reach 12,000 children through this project.



Some of Partners

Thank you to all our supporters, referrers and partners, including but not limited to: ECHO, DIFD, United Methodist committee on Relief





Fundraising Highlights

Our fundraising model is rooted in community fundraising which includes:

- + Individual donor giving
- + Major donor giving
- + Challenges
- + Live TV appeals
- + Events
- + Volunteers
- + Direct mail
- + Online giving
- + Inbound/Outbound Call Centre

FUNDRAISING DISCLOSURE

Muslim Aid engaged third party agencies to provide fundraising acquisition on its behalf. Marketing and campaign plans consisting of key income generating components such as direct mail, SMS, mail shots etc. represent a major revenue stream for us as they allow us to be accessible to both our grass roots donors as well as new demographics.

Digital fundraising consisting of Google AdWords and social media giving is a growth area to engage donors and continue to drive revenue.

All third-party fundraising consultants go through an assessment process and are required to adhere to our safeguarding policy. They are expected to understand our values and ensure their conduct and approach to working with our donors is aligned with these. Fundraising activities are monitored through supervision. All activity is planned, budgeted and monitored.

COVID-19: IMPLICATIONS ON FUNDRAISING

The global pandemic mandated our Fundraising Team to assess the risks to our employees, supporters and volunteers. As lockdown restrictions changed throughout the year, we introduced phased approaches to when certain activities would have to be paused, delayed or changed across the UK. For those that were carried out we ensured they were done so safely, responsibly, in line with Government guidance and where the risks associated with the activities could be properly managed.

This included an internal assessment on the following to ensure responsible fundraising:

- How to behave and interact safely with the public
- How to safeguard the public, staff and volunteers
- Undertaking a risk assessment

COMPLAINTS HANDLING

Muslim Aid has a complaint mechanism in place which allows all rights holders as well as key partners and donors to submit their feedback by downloading and completing the complaint form from the Muslim Aid website. The feedback is processed as per the Muslim Aid Complaints and Fundraising Complaints policies and procedures.

We received a total of 16 complaints in 2020. In those instances where we do not meet our own high standards, we have a complaints policy in place. Feedback can be submitted to us either in person, by telephone, email or online via our website. We shall acknowledge any written complaints in writing within one week of receiving the complaint. We shall aim to provide a full written response to all complaints within one month from the date of receiving the complaint, explaining how the organisation has investigated those complaints and what

action has been taken. If there are special circumstances warranting an extension of time, we shall communicate this delay. Feedback is treated in the strictest confidence, in line with Muslim Aid's confidentiality policy. Muslim Aid has a responsibility to safeguard confidential information about donors, partners, funders and beneficiaries.

COMMUNITY FUNDRAISING

Our community fundraising engages with our target demographic to organise charitable activities to help build a relationship between our organisation and those who support our aims and objectives.

Benefits of our community fundraising:

- Raising awareness of our international work domestically to our key demographic
- Increasing our presence within the community
- Building our donor database
- Implementing our UK Programmes
- Helping to increase our volunteer network
- Building goodwill within the community



We thank our generous supporters who have made it possible to reach **over 5 million beneficiaries** this past year.

What did we do in 2020?

We are incredibly grateful to our supporters across the UK who contributed to voluntary income of £10.3m. Due to their efforts, we can provide rescue and relief services to those most in danger and at immediate risk of harm. We also have the capacity to focus on developing and upgrading our services to connect relief and rehabilitation with long term development. Muslim Aid encourages creativity and innovation within the organisation so we can remain engaging as well as provide a unique experience for our stakeholders.

JOURNEY OF THE SOUL

Our community events are evidence of our continued efforts to work differently. We incorporated our supporter feedback from the 2019 – Rahma Tour of Mercy and continued with faith-based events, organising educational seminars with local popular personalities. In addition to this we ensured value for money by reducing costs and increasing overall returns. All activities continued to go through a rigorous specified criterion which includes income generation, donor engagement, marketing and data acquisition.

In addition to this we worked with over 60 universities in a student-led campaign with over 200 participants, comprising 50 events raising thousands of pounds. We were honoured to work with students from across the UK who came together to raise money for orphans and needy children. The highlight of this partnership was a team of young students travelling to North Africa to participate in the Marrakesh Marathon.



We worked with over **60 Universities** in a student-led campaign with over **200 participants**

Comprising of **50 events** raising **thousands of pounds**

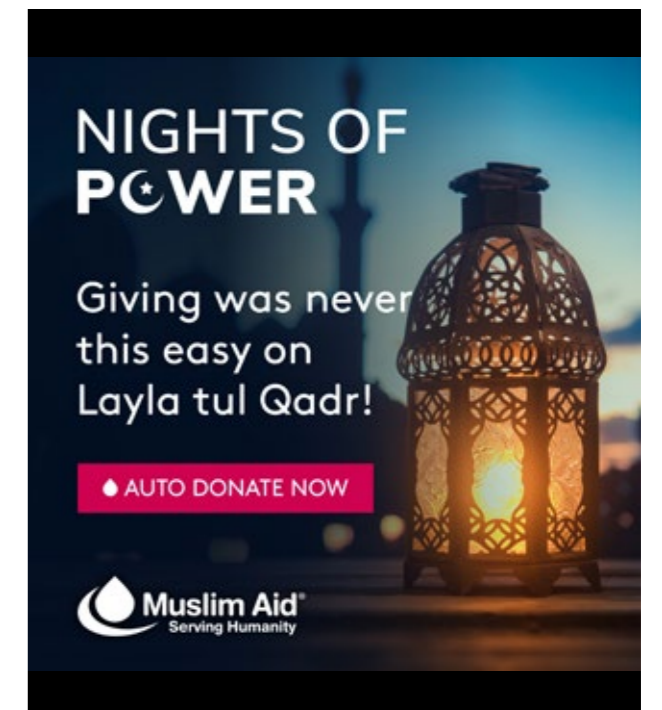


Ramadan 2020

The holy month of Ramadan is synonymous with abstaining from food, but it is also a time that our donors are motivated to give in charity. In 2020 we had to drastically change our fundraising plans as communities across the UK faced their first ever lockdown.

Traditionally our community fundraising team would host over 100 fundraising activities over a period of 30 days such as street collections, Quran tours and local iftars. This year we had to adjust our plans significantly and our focus shifted to the digital space. As such, greater emphasis and resources were provided towards social media, outbound calls and Live Appeals so we could connect with our supporters who were at home.

Additionally, Muslim Aid was able to identify key online influencers and volunteers who set up their own fundraising pages, helping to increase our digital presence and raise awareness of our Ramadan campaign. Furthermore, we invested in our own automated donation platform (Nights of Power) so that our donors could schedule their donations according to their religious beliefs and preferences.





UK Programmes

In 2020 Muslim Aid understood the local British community needed our support due to the financial impact the COVID pandemic had on their livelihood. Black and Minority Ethnic (BAME) communities were more likely than others to lose their income, fall behind on bills and/or apply for Universal Credit or charitable support. Muslim Aid therefore worked with local partners, schools, and foodbanks to support the most vulnerable in our society.

During our winter campaign we worked with multiple partners to distribute over 35,000 meals across 35 localities to support low-income families. All our meals went through the process of food rescue, which is recovering and redirecting good surplus food, and giving it a new life so that it can fulfil its intended purpose: to be eaten. Food rescue is not about giving people food that is spoiled – it’s about giving people good, nutritious food that would otherwise be thrown out. Furthermore, we ensured that the meals were incredibly balanced and varied, including a high proportion of fresh fruit, vegetables as well as baked goods, salads, meat and fish.

In addition to this we coordinated winter kits for the homeless, as rough sleeping is the most visible, extreme and damaging form of homelessness. With our partners, we identified essential items that were needed and organised collection points for this vulnerable community.

2020 Targets:

- Build a strong brand and maximise digital presence in all our fundraising activities
- Drive efficiency and effectiveness processes in ways of working



Key achievements during 2020 Campaigns

We were privileged to work with several high profile institutions, influencers, and celebrities, including:

- Palmers Green Mosque MCEC
- East London Mosque
- Cheadle Mosque
- Islam Channel
- Channel S
- Mufti Menk
- Ustadh Asim Khan
- Felix Project
- PI84U Al Suffa
- Olive Tree Primary School





From Major Gifts to Philanthropy

Major Gifts is an area that has been growing since 2017 due to dedicated major gifts resource. Its focus has been high net worth individuals. The Major Gifts Manager has developed this department by:

- Cultivating existing and new donors
- Developing a relationship management approach with key donors
- Establishing a steering committee made up of individuals who will help solicit further gifts from their peers and communities
- Continuing to nurture and retain donors at a rate above 65%
- Stewarding major donors efficiently, effectively and appropriately using key staff in the Major Donor and Fundraising Team
- Engaging major donor prospects using varied, relevant and inspirational means

2020 proved to be a challenging year due to the COVID-19 pandemic, so the usual activities such as high profile dinners, visits to the field with a major donor, intimate gatherings with key donors and personal visits were unable to take place. However, through networking and relationship management we were able to achieve £690,000 income with a retention rate of 72%.

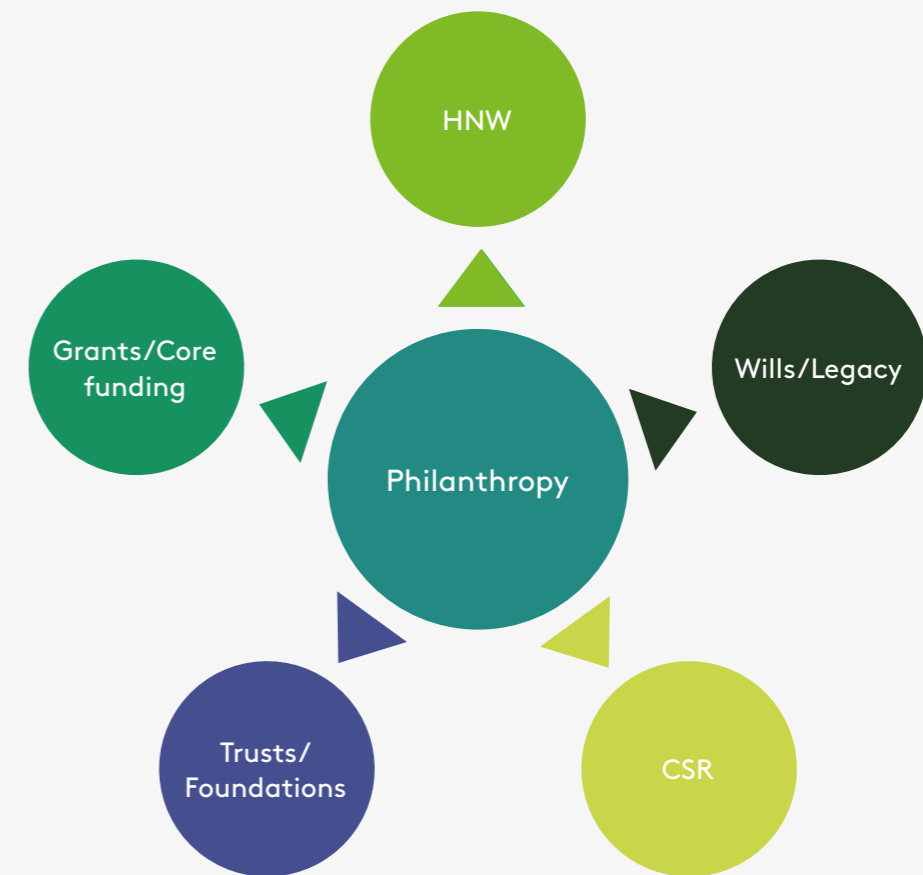
We were able to achieve
£690,000
 income with a retention rate
 of **72%**



The Way Forward

We are now looking to take the journey from Major Gifts to Philanthropy by developing this key area. This will increase income from diversified sources by increasing fundraising capacity through different channels.

Strategy To Explore Income In 2021



The Philanthropy department has developed a strategy to explore income in 2021 for the following areas:

- High Net Worth individuals
- Legacy giving
- CSR/ corporate giving
- Small Trusts and Foundations
- Grants and core funding

By implementing the above strategy with its dedicated team, the Philanthropy department aims to make Muslim Aid the Muslim Charity of choice for the British Muslim.

Marketing and Campaigns

In 2020 Muslim Aid delivered 3 major campaigns: Ramadan, Qurbani and Winter.

We also responded to a number of emergencies and launched campaigns for COVID-19, Yemen, and Global Floods. Furthermore, we launched a Rabi Al-Awwal campaign acknowledging the birth, life and teachings of Prophet Muhammad.

Our 360 approach to marketing and campaigns means we have a list of deliverables over various channels and platforms, both digital and non-digital.

The marketing and campaign activities are designed to include a strong marketing mix and hit the various donor touchpoints which together create the overall returns for the campaign. For example, for certain audiences direct mail coming from the letter box, followed by a timely SMS whilst watching the TV appeal motivates the donor to donate on the website or contact the Call Centre.

Muslim Aid's campaigns also feature on all our social media platforms (Facebook, Instagram, and Twitter) where we engage in open dialogue with our audience through daily posts and uploads.



Principal Risks and Uncertainties

Muslim Aid's commitment to its donors and beneficiaries remains as firm as ever despite some significant legacy issues that the current Board, who have been in post since February 2018, are continuing to resolve.

The Charity Commission's Action Plan continues to inform our improvement planning but the Board acknowledges that attempting to address the cumulated organisational failures from the past decade will take time. Muslim Aid continues to move towards the desired 'fit for purpose' status that has been defined by the Charity Commission Action Plan recommendations.

Muslim Aid is embedding risk management into day-to-day behaviour and culture across its global operations. Managers are keeping risks under continuous review as part of their key roles and responsibilities and considering the adequacy of mitigating actions to ensure that potential risks are managed. Risk management is an integral part of day to day and strategic decision making, given that Muslim Aid works across the globe where there are humanitarian needs with inherent high-risk factors to contend with at varying times.

The Board is responsible for ensuring that there is an appropriate process and culture in place for risk management. Sub-committees of the Board, namely the Finance and Audit Committee alongside the Programmes Committee, have delegated powers to oversee risk management and report back to the Board.

Muslim Aid's overall approach to risk management is to recognise and accept an appropriate level of risk working in the humanitarian response environment, which can often be volatile. A level of tolerance to risk is necessary in ensuring that risk mitigation strategies do not impede our work to an extent that we are unable to meet our charitable activities in supporting beneficiaries. We therefore have management systems in place that provide reasonable assurance that identifiable risks are managed appropriately.

The Management team reviews and assesses the major risks to which Muslim Aid is exposed to those relating to the operations, income generation and finances of Muslim Aid.

Assurance Framework

Muslim Aid's commitment to improving governance, risk management, and internal controls has manifested in the appointment of an outsourced internal audit provider. We therefore now have a fit for purpose "Third Line of Defence" that provides an additional and independent layer of assurance to our stakeholders that Muslim Aid is doing the right things and doing them effectively and efficiently.

Internal Audit has introduced an audit charter and developed an audit strategy. The Board approved this strategy together with a programme of work for 2020-22. This programme of internal audit work incorporates relevant and appropriate aspects of risk management.

Major Risks

The following major risks were identified at an organisational level. For each risk, specific actions and performance indicators relating to them were monitored by the SLT (Senior Leadership Team) and Board of Trustees.

Risk	Management Actions
Adverse Media Coverage Adverse, unjustified press coverage and external scrutiny impacting reputation and institutional funding.	<ul style="list-style-type: none"> Refreshed Communications and Public Relations processes and policies in place Enhancing ways of working with focus on Muslim Aid values, associated behaviours and practice Alternative arrangement initiated to have access to START funds through partnering with local NGOs
Business Model Insufficient funding generated and/or lack of right type of funds to run Muslim Aid.	<ul style="list-style-type: none"> Renewed Fundraising strategy with focus on diversification of income streams and quality of income Major Fundraising campaigns and analysis and reporting to Leadership Team and Board Adoption of full cost recovery model Launch of 'Core Funds' campaign to balance unrestricted income
Culture and Behaviour Inconsistent application of organisational policy, procedures, and protocols. Challenges in maintaining effectiveness and efficiency across the organisation.	<ul style="list-style-type: none"> Independent assurance undertaken that shows a positive direction of travel in the organisation Regular country office Internal audits to be carried out annually. Outlined in the Audit Strategy Established a People & Culture Committee at board level to provide oversight of policy development and people strategy
Operational Risk (Covid) Covid pandemic adversely affecting MA program delivery in country offices	<ul style="list-style-type: none"> MA-UK's position has been explained to donors and partners Local Government rules and regulation along with MA HQ advisory notes shared with country offices Covid Health & Safety policies distributed in line with WHO guidelines
Financial Health Business model heavily reliant on seasonal fundraising and emergency campaigns leading to low levels of unrestricted reserves and timely distribution.	<ul style="list-style-type: none"> Revising the Muslim Aid operating model and undertaking a transformation to reduce the cost base Establish and strengthen financial controls and monitoring.

Structure, Governance and Management

The Board of Trustees are responsible for the oversight, management and good governance of the Charity and its affairs. Muslim Aid's Leadership Team is responsible for the execution and proper implementation of all operational matters including programme and project selection and delivery as well as robust management and communication of policies and procedures across all of Muslim Aid's Country Offices ensuring its work is carried out with efficiency and transparency in accordance with the aims and objectives of the Charity.

CHARITY GOVERNANCE CODE

Muslim Aid remains committed to adopting the principles of best practice as set out in the Charity Governance Code. The Board of Trustees and Leadership Team has continuously reviewed its governance model and framework against the principles within the code and will continue to do so in order to improve and develop its oversight, management and governance of its global operations.

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 aim as described in the Strategic report and on www.muslimaid.org.

ORGANISATIONAL STRUCTURE

The Trustees delegate the day-to-day running of the Charity to the CEO and Leadership Team. The CEO and the Leadership Team report directly to the Board and its sub-committees.

INTERNATIONAL STRUCTURE

Muslim Aid has established operations in a number of countries across the world. It conducts its operations across these countries in one of three ways: -

- By establishing a permanent presence through a separate local entity who are independent of Muslim Aid.

- By establishing a branch of the Muslim Aid entity and all operations are carried out through that entity; and/or
- Emergency, seasonal responses, short term responses carried out by a team from an existing Muslim Aid office or operations carried out through a partner organisation.

Muslim Aid has country offices in Bangladesh, Myanmar, Pakistan, Somalia, Sudan and local entities in Bosnia and Sri Lanka. It also engages local partners who are able to deliver aid in those countries where Muslim Aid does not have a permanent presence. Muslim Aid UK also partners with Muslim Aid USA and Sweden who contribute to the MA Global Family priorities.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements for each financial year, in accordance with all legal and regulatory requirements applicable to registered 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; and
- 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 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.

FINANCE AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk Committee is a key sub-committee, comprising non-Executives as well as Trustee members. The Committee has oversight of financial management, counter fraud and corruption, internal and external audit, compliance and risk management, pensions and investment arrangements.

NOMINATIONS COMMITTEE

The primary function of the Nominations Committee is to make key decisions in relation to the recruitment, selection and appointment of new Board members. Trustees are appointed in accordance with the constitution of Muslim Aid. The Nominations Committee has developed and maintains a skills matrix to identify and recruit trustees needed for the effective administration of the charity.

PROGRAMME COMMITTEE

The Programmes Committee also comprises of Trustees, Non-Executive members and senior operational staff. It is charged with ensuring Muslim Aid has the continuing capacity to respond to emergencies and disasters worldwide and ensure the charity's strategic programme priorities are being adhered to.

PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee comprises of trustees, CEO and the Head of People & Services to oversee the implementation of Muslim Aid's strategy on human resources arising from its strategic plan as well as the development of HR policies. It also ensures that appropriate safeguarding measures are in place and functioning effectively at Muslim Aid.

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 management team is considered to be key management personnel and consists of the CEO and managers leading different Departments.

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.

EQUALITY, DIVERSITY AND INCLUSION

Muslim Aid adopts a zero-tolerance approach to discrimination on any of the protected grounds in the Equality Act 2010.

Muslim Aid is committed to providing equal opportunities to all of its employees regardless of age, disability, sex, sexual orientation, pregnancy and maternity, race or ethnicity, religion or belief, gender identity or marriage and civil partnership.

We have a diverse workforce and work hard to build a more inclusive workplace, where people of different backgrounds can work together to ensure better and more positive outcomes for all staff and ultimately our beneficiaries.

Our Dignity at Work and related policies set out our approach to equal opportunities and the avoidance of discrimination at work. Our policies are applicable to all trustees, employees, consultants, contractors, volunteers, casual workers and agency workers and cover all aspects of employment including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

During 2020 we undertook the following to protect employees from harassment and abuse:

- Workshops held on Dignity at Work, Code of Conduct and Grievances
- Watch and Go Videos accessible to all Employees and People Managers.
- Short videos on best practise of working culture which illustrate skills, tips and ideas for working more effectively and for optimising management and team communication skills. Each video is accompanied with a downloadable short learning guides which is handy for helping employees and managers to prepare for 'difficult conversations' and for thinking through how they will apply what they have seen in the videos.

The vetting and screening in place before engaging employees involves:

- References (including character references).
- Validation of Qualifications where applicable.
- Background checks.
- Basic DBS checks and enhanced DBS checks subject to roles and responsibility.
- Verification of applicants' identity and right to work in the UK; and
- Credit checks where applicable.

The measures in place to allow MA to use the employee's photos on social media (GDPR):

- Prior permission must be sought to use employees' photos for social media purposes in accordance with our social media policy.
- Safeguarding



Operational Activities



Muslim Aid has a dedicated Safeguarding Policy which aligns with values, principles and best practice of safeguarding in the international charity sector.

Muslim Aid has continued its engagement of SafeCall as its external provider giving staff and connected persons access to a confidential 24 hour a day whistleblowing service, allowing employees and other stakeholders to report wrongdoing. The service is available at UK headquarters and Country Offices.

Safeguarding and PSEA training (Prevention of Sexual Exploitation and Abuse) continues to be delivered to all staff at UK headquarters and Country Offices, as part of periodic and ongoing safeguarding training.

PENSION

The Charity has complied fully with auto-enrolment legislation and all new employees are offered a shariah compliant pension scheme. The minimum employee contribution to the scheme is 5% and with the employer contribution of 3%.

AUDITOR

Sayer Vincent has been appointed as the Charity's statutory auditor commencing with the audit of the financial statements for the year ending December 2019.

Financial Review

The financial statements have been prepared in accordance with the accounting policies set out on pages 64 to 67 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 October 2019.

CONSOLIDATION

The financial statements incorporate the transactions and balances of each of Muslim Aid's 11 country offices alongside the activity arising from its UK operations.

OVERVIEW

We continue to enjoy the support of our donors for our work to eradicate poverty and bring a lasting change to the lives of our beneficiaries. **In 2020, we raised a total of £20.0m** (2019: £30.5m).

Our total income excluding Gifts in Kind is **£18.8m** (2019: £26.3m), plus an additional **£1.2m** of Gifts in Kind.

Over this year, we spent a total of £19.8m (2019: £33.1m). This is largely due to an increase in spending on our charitable activities (i.e., Humanitarian/Emergency response, education, healthcare and livelihood programmes) on which we spent **£17.4m**. Our net income was a surplus of **£0.2m** for the year (2019: deficit £2.5m).

OUR INCOME

All of our income comes primarily from two areas: community fundraising and institutional funding (grants and contracts).

DONATED INCOME

This year we raised £10.3m via our donated income from our generous UK donors (2019: £13.7m). Our Country Offices raised a total of **£2.4m** from their respective donors in their countries (2019: £2.1m).

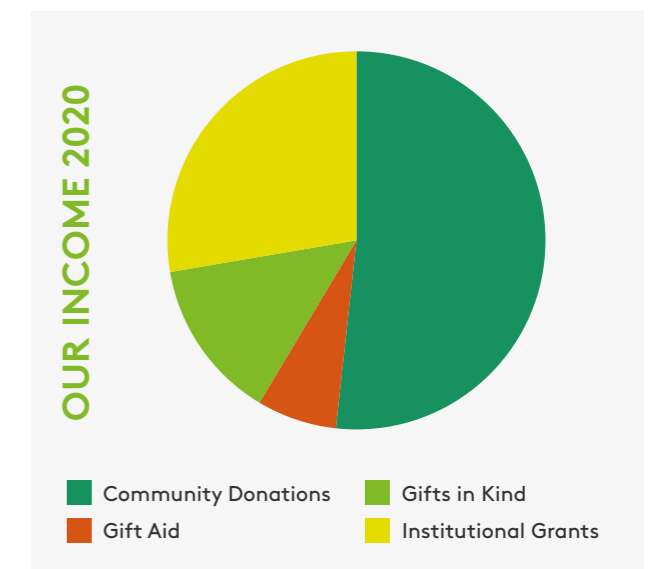
Events and Challenges is part of our fundraising expenditure of **£2.3m** in the year, compared to £5m in 2019.

Income received from Gift aid claims was **£1.4m** for the year (2019: £2.0m).

Gifts in Kind comprised of medical and food items were **£1.2m** for the year (2019: £4.1m).

INCOME FROM CHARITABLE ACTIVITIES

We have continued to maximise our impact by co-financing our institutional funding with donated income to promote long-term development programmes. We recognised **£4.6m** in institutional funding during the year (2019: £8.4m). Our institutional funders during 2020 include Department of Foreign Aid and Development (DFID). Refer to Note 3 Charitable activities.

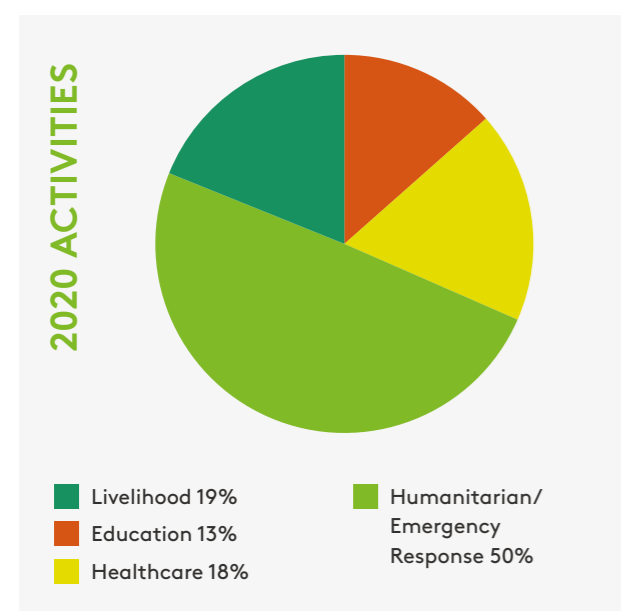


OUR EXPENDITURE

We spent **£17.5m** (2019: £28.1m) in support of our charitable activities (i.e., Humanitarian/ Emergency response, education, healthcare and livelihood programmes) and **£2.3m** (2019: £5.0m) on raising funds through donations.

CHARITABLE ACTIVITIES

Of the £17.5m mentioned, **50% (£8.8m)** was spent on our strategic focus of humanitarian/ emergency response. Education represented **13% (£2.3m)**, Healthcare **18% (£3.1m)** and Livelihoods **19% (£3.3m)**.



ZAKAT

We recognise our donors need to have confidence that charities have implemented their Zakat donations to fulfil the noble values and demonstrated the impact of their activities towards socio economic justice.

We received £4.2m (2019: £5.7m) of our total donations as Zakat funds and we have expended in the year £3.2m (2019: £3.2m), on the projects stated in the achievements and performance section.

Muslim Aid understands from scholarly views that whilst there is no set amount for utilisation by the amilena alayha (collectors of zakat), our practice is not to use more than 12.5% (one-eighth) of the Zakat to cover our support costs. This is to protect the entitlements of other zakat recipients.

SUPPORT COSTS

Support costs are vital for effective charity management to ensure that our beneficiaries receive humanitarian and development programmes achieving long term benefits, with the ultimate aim for them to become self-sufficient.

Many charities have issues of poor programme delivery by merely delivering handouts to

beneficiaries and frontloading resources into programmes by neglecting infrastructure, systems, culture and behaviour.

Muslim Aid, by investing in our people and infrastructure (this includes staff, systems and support functions such as Finance, HR, IT, procurement, Legal and Compliance and administrative functions) are strengthening the organisation holistically to prevent loss, fraud and corruption of the entrusted funds. We aim to maintain a sensible ratio of programmatic delivery to infrastructure and guard the charity against over-ambition.

All our programmatic activities include planning and preparation in the pre-operation phase, together with sufficient reflective learning and development in the post programme phase.

To ensure we protect the entitlements of our beneficiaries we aim to ensure that we do not take more than 15% from voluntary income. Support costs are covered by cost recovery from institutional donor grants/contracts and gift aid (our gift aid clause specifies the details, please see our website www.muslimaid.org), with voluntary income contribution at 15% target levels.

IMPACT

We invested £0.9m in our effective charity management approach.

We ask all donors to ask charities the following 3 questions to promote truthful, transparent and credible answers of what each charity does.

- **How many people do we reach?**
5.2 million
- **What sort of impact do we have?**
(Please see Achievements and Performance section)
- **How much do we spend doing that?**
£19.8m



Overview

In 2020, we raised a total of **£20m**

We raised **£10.3m** via our donated income

Our total income (excluding Gifts in Kind) **£18.8m**

£1.2m Gifts in Kind
£1.4m Gift-Aid

We spent **£19.8m**

£2.3m Raising funds through donations

£17.5m in support of charitable activities

We received **£4.2m** in Zakat donations

Expenditure

Reserves

DEFINITIONS

The term "Reserves" is used to describe the part of a charity's income funds that is freely available for its operating purposes not subject to commitments, planned expenditure and spending limits. Reserves do not include endowment funds, restricted funds and designated funds.

Restricted funds are subject to conditions either specified by the funder or restrictions imposed by the donor or Muslim Aid itself during its marketing campaigns. Zakat funds are classified as restricted funds by Muslim Aid.

POLICY STATEMENT

Reserves should be held to service an unexpected need for funds for charitable purposes, covering unforeseen day-to-day operational costs, a shortfall in income or to fulfil the charity's obligations.

Muslim Aid's sources of income are public fundraising, institutional grants and contracts.

Reserves are set according to our budgeted income and against our obligations for continuous funding for supported charitable projects. It is intended to mitigate uncertainty relating to our cash flow and to ensure that there are sufficient reserves to cover any shortfalls against income.

The costs to winding up Muslim Aid involve the six-month termination notice period. This represents approximately 5% of the total income of the charity with a recommended 6 months' provision.

FREE RESERVES

Muslim Aid's free reserves are negative due to the historical legacy issues being rectified. Unrestricted reserves as of 31st December 2020 were £1,858,468, excluding fixed assets £2,014,974 which equates to negative free reserves of £156,506. Prior year unrestricted reserves £1,541,679 excluding fixed assets of £2,043,180 equated to negative free reserves of £501,501.

Muslim Aid's focus is on cashflow for financial sustainability, whilst over the long-term rebuilding free reserves to a level that cover a minimum of three months of provision. Muslim Aid's future activities are managed in accordance with cash-flow and available cost recovery.

Accordingly, the Board is monitoring forecasts of income and expenditure against planned activity, assessing future needs, opportunities and contingencies.

NET ASSETS

The balance sheet for the Charity shows net assets of **£10.6m**, (2019: **£10.6m**). The movement of funds during the year was a surplus of £0.3m in unrestricted funds and a decrease of £0.3m in restricted funds, therefore the over Net assets remained the same.

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

Muslim Aid's policy is to invest its temporary cash surplus in short-term and intermediate-term deposit accounts that generate a return of project without assuming undue risk to principal. The primary objectives of making such investments shall be preservation of capital, maintenance of liquidity and profit generated from sharia compliant products in accordance with Islamic Finance principles. Muslim Aid will assess the short term and long-term rating of the banking and financial institutions.

GRANT MAKING POLICY

Muslim Aid, in addition to implementing charitable projects with its Country Offices, works with a number of implementation partners. Within our country offices there may at times be sub-grant recipients.

Partner selection is carried out on a country or grant-by-grant basis. The criteria include the expertise and geographical reach of the implementing partner and complementary core competence.

Before a formal grant agreement is signed with all potential grantees, Muslim Aid completes appraisals of the project and subjects the proposed implementing partner to a due diligence process and vetting. This includes assessing the organisation's key management and organisational capability. The partner and its key officers are vetted against proscribed lists utilising Thomson Reuters World-Check.

A signed grant agreement is put in place with all Country Offices and partners, which covers the ways of working, delivery criteria, expected standards, policies, principles and reporting requirements.

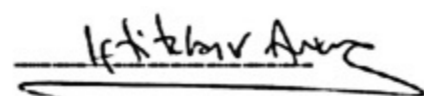
Our teams monitor and evaluate progress throughout the period of the grant, according to the size of the grant and perceived level of risk. If Muslim Aid is not satisfied with how the grant is being managed, according to the partner agreement, Muslim Aid can discontinue the grant funding. All partners are subject to regular supervision and an annual appraisal.

GOING CONCERN

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future.

The significant progress the charity has made in completing the actions in the Charity Commission's original action plan to the Charity Commission's satisfaction and intended closure of the regulatory action has significantly reduced the uncertainties faced by the charity. Therefore, the Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. COVID-19 has not impacted our ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.

The Board of Trustees has the responsibility to sign the Report and Accounts for the year ended 31 December 2020. The accounts were approved on the 26 October 2021.



IFTIKHAR AHMED AWAN

Chair of the Board of Trustees
26 October 2021



Independent Auditor's report to the Trustees of Muslim Aid

OPINION

We have audited the financial statements of Muslim Aid (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

BASIS FOR OPINION

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Muslim Aid's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise

to a material misstatement in the financial statements themselves. 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

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

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- 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 statement of trustees' responsibilities set out in the trustees' annual report, 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 regulations made under section 154 of that Act.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We reviewed processes for in place for monitoring and accounting for funds provided to partner organisations outside the UK.
- We reviewed the monthly financial reporting from country programmes and the outcomes of local external audits of country programmes.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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.

Sayer Vincent LLP

SAYER VINCENT LLP

Statutory Auditor
Date 29th October 2021

Invicta House, 108-114 Golden Lane, LONDON,
EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

For the year ended 31 December 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Income					
Donations	2	2,766,884	12,576,570	15,343,454	22,089,018
Charitable Activities	3	229,560	4,378,882	4,608,442	8,454,255
Investment Income	4	25,675	-	25,675	23,497
TOTAL INCOME		3,022,119	16,955,452	19,977,571	30,566,770
Expenditure					
Raising Funds	5	936,596	1,334,112	2,270,708	5,001,055
Charitable Activities	5	1,768,734	15,713,578	17,482,312	28,137,767
TOTAL EXPENDITURE		2,705,330	17,047,690	19,753,020	33,138,822
Net income/(expenditure) before foreign exchange		316,789	(92,238)	224,551	(2,572,052)
Exchange surplus/(loss)		-	(213,714)	(213,714)	(221,252)
Net movement in funds		316,789	(305,952)	10,837	(2,793,304)
Reconciliation of funds		1,541,679	9,097,183	10,638,862	13,432,166
Total funds at 31 December 2020		1,858,468	8,791,231	10,649,699	10,638,862

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

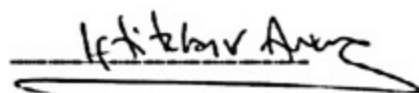
All recognised gains and losses are reflected in the Statement of Financial Activities and therefore no separate statement of total recognised gains and losses has been presented.

Balance Sheet

As at 31 December 2020

	Note	Total 2020 £	Total 2019 £
Fixed Assets			
Intangible Assets	9	46,385	63,252
Tangible Assets	10	1,968,589	2,113,061
		2,014,974	2,176,313
Current Assets			
Inventories		43,139	339,382
Debtors	11	5,708,283	6,967,524
Cash at bank and in hand		9,210,995	8,352,491
		14,962,417	15,659,397
Creditors: amounts falling due within one year	12	4,758,170	5,609,041
Net Current Assets		10,204,247	10,050,356
Provisions	13	1,569,522	1,587,807
		10,649,699	10,638,862
The Total Funds of the Charity			
Unrestricted Income Funds	14		
General Fund		1,858,468	1,541,679
Restricted Income Funds		8,791,231	9,097,183
		10,649,699	10,638,862

The financial statements were approved by the Trustees on 26 October 2021 and signed on its behalf by:



Iftikhar Ahmed Awan
Chair

The notes on pages 64 to 77 form part of these financial statements.

Statement Of Cash Flows

For the year ended 31 December 2020

	Total 2020 £	Total 2019 £
Cash flows from operating activities:		
Net movement in funds (as per the Statement of Financial Activities)	10,836	(2,793,304)
Depreciation charges	219,388	242,667
Loss on disposal of tangible fixed assets	73,704	34,547
Currency revaluation of tangible fixed assets	49,640	56,789
(Increase)/Decrease in inventories	296,243	1,143,799
(Increase)/Decrease in debtors	1,259,241	2,281,168
(Decrease) / Increase in creditors	(869,155)	1,795,651
Investment income receivable	(25,675)	(23,497)
	1,014,222	2,737,820
Cash flows from investing activities:		
Purchase of tangible fixed assets	(181,393)	(367,029)
Purchase of intangible fixed assets	-	(5,996)
Profit Received (on deposits)	25,675	23,497
	(155,718)	(349,528)
Change in cash and cash equivalents in the year	858,503	2,388,292
Cash and cash equivalents at the beginning of the year	8,352,491	5,964,199
Cash and cash equivalents at the end of the year	9,210,995	8,352,491
Analysis of cash and cash equivalents:		
Cash in hand	9,210,995	8,352,491
Total	9,210,995	8,352,491

Notes To The Financial Statements

1. ACCOUNTING POLICIES

Muslim Aid is a Charitable Incorporated Organisation registered charity (registration number 1176462)). The address of the registered office is PO Box 3, London E1 1WP. On 1 Feb 2018. The charity is governed by its Memorandum and Articles of Association. The charity is a public benefit entity. More details on how the trustees have satisfied themselves that Muslim Aid has met the public benefit requirements are given in the trustees' report section.

On 1 Feb 2018, the charity (MA 1985 registration number 295224) 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. These transactions were accounted for as a merger and accordingly the financial statements are prepared on that basis and the trustees are satisfied that no material adjustments or restatements of comparative information are required.

A) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention unless stated otherwise on the relevant accounting policy notes and in accordance with the Statement of Recommended Practice 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 country offices. The results of the country offices are combined on a line-by-line basis.

The financial statements have been prepared on an ongoing basis as discussed in the trustee's report. There are no material uncertainties

about the charity's ability to continue as a going concern.

B) KEY AREAS OF JUDGEMENT

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ to these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period is revised if the revision only affects that period or in period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting the assets and liabilities at the balance sheet are likely to result in material adjustment to the carrying amounts in the next financial year.

C) GOING CONCERN

The charity can meet its obligations as they come due as such it's a going concern. The charity is redeveloping its business model and diversification of income streams. Financial sustainability is much more than income and costs, the charity has assessed its financial communication, understanding and organisational impact. The Charity has continued to engage with the Charity Commission and expects all remaining actions in the original action plan to be closed within a reasonable timeline and the closure of any regulatory action as shared on page 64 and 77 of this report.

D) FUNDS ACCOUNTING

Funds held by the charity are:

- **Restricted funds** – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for a particular restricted purpose.
- **Unrestricted funds** – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- **Zakat funds** – these are funds which can be used in accordance with the Islamic religious conditions and parameters set in the Qur'an. The charity's policy defines the criteria for the fundraising, allocation and distribution of Zakat. The charity is required to record its justification as to how projects match the criteria of Zakat.

E) INCOME

- Income, including donations and gifts, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt, and the amount is measurable.
- Tax recovered from income received under gift aid is recognised when the related income is recognised and allocated to unrestricted funds in line with the communication with donors to allocate the funds towards the core costs of the charity and its Need is greatest programmes to save and transform more lives.
- Gift in kind for use by the charity and donated services are included in the accounts at their approximate market value at the receipt. No amount has been included in the financial statements for services donated by volunteers.
- Gifts in kind for distribution are included in the accounts at the fair value to the charity ((in the case of medicines, at the lowest value of the generic equivalent as approved by the WHO) when the good are received and under the control of the charity. Amounts are recognised in inventory until distributed at which point the relevant cost is released to the statement of financial

activities.

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.
- Investment and rental income are recognised on a receivable basis.

F) EXPENDITURE

- Expenditure is recognised when a liability is incurred, irrecoverable VAT is included within the expense item to which it relates.
- Expenditure on charitable activities is reported as a thematic analysis of the work undertaken by the charity, against our thematic themes of humanitarian response, feed the fasting, qurbani, livelihoods, education and health. Under these headings are included grants payable and the costs of activities performed directly by the charity or its country offices, together with associated direct and indirect support costs. The costs include salaries and associated employment costs including pensions and termination payments.
- Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK based staff who promote fundraising from all sources including major donors, corporates and individuals. The expenditure on third party agencies that promote fundraising on social media and other platforms is included.
- Indirect support costs include IT, HR, CEO's time or finance costs that are essential for the charity to delivery its projects of humanitarian response, feed the fasting, qurbani, livelihoods, education and health. Not to incur these costs would severely impair the quality of work and sustainability of the charity.
- Indirect support costs have been allocated to cost categories on a basis consistent with the level of activity.

G) PENSIONS

The charity operates a defined contribution pension scheme for the benefit of its employees. Pension costs are recognised in the month in which the related payroll payments are made. 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.

H) FOREIGN CURRENCIES

The functional currency of the charity is considered to be pounds sterling that is the currency of the primary economic environment it operates in the UK. The consolidated financial statements are presented in pound sterling.

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. All exchange differences are recognised through the statement of financial activities.

I) OPERATING LEASES

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease.

The benefit of any reverse premium received is also spread evenly over the term of the lease.

J) 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 & software	25% straight line
Fixtures and fittings	10% straight line
Office equipment	15% straight line
Motor vehicles	15% straight line

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate.

K) INTANGIBLE FIXED ASSETS

Intangible fixed assets represent the costs associated with acquiring and bringing in to use computer software. Amortisation is calculated using the reducing balance method to write down the cost to its estimated residual value.

L) 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.

M) FINANCIAL INSTRUMENTS

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits trade and other debtors. Financial liabilities include trade and other creditors. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Details and carrying value of these financial assets and liabilities are given in the notes to the accounts.

N) 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.

O) TAXATION

The charity meets the criteria and tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK taxation purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within the categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992. No corporation tax liability arises in the accounts.

2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
Donations received in the UK	1,336,376	9,000,053	10,336,429	13,673,745
Donations received at the Field Offices	-	2,388,796	2,388,796	2,130,140
Gift Aid	1,430,508	-	1,430,508	2,087,636
Gifts in Kind	-	1,187,721	1,187,721	4,197,497
	2,766,884	12,576,570	15,343,454	22,089,018

3. CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
DFID	68,669	618,018	686,687	722,709
Globus Relief	-	-	-	3,132,202
European Commission Humanitarian Organisation	-	207,239	207,239	-
Start Network	-	-	-	33,064
United Methodist Committee on Relief	-	-	-	25,623
Other Institutional Grants	160,891	76,044	236,935	167,098
Institutional Grants at Field Offices	-	3,477,581	3,477,581	4,373,559
	229,560	4,378,882	4,608,442	8,454,255

4. INVESTMENT INCOME

	Total 2020 £	Total 2019 £
Bank Deposit Interest	25,675	23,497
	25,675	23,497

5. RESOURCES EXPENDED

	Direct Costs	Staff Costs	Support Costs	Total 2020 Costs £	Total 2019 Costs £
Raising Funds	1,415,252	752,756	102,700	2,270,708	5,001,055
Charitable Activities					
Humanitarian/Emergency Response	5,224,779	2,827,621	510,248	8,562,648	17,035,199
Education	1,218,099	997,510	111,090	2,326,699	3,970,974
Healthcare	2,391,391	853,707	75,028	3,320,126	4,041,610
Livelihood	2,803,471	392,174	77,194	3,272,839	3,089,984
Total Charitable activities	11,637,740	5,071,012	773,560	17,482,312	28,137,767
Total Expenditure	13,052,992	5,823,768	876,260	19,753,020	33,138,822

6. SUPPORT COSTS

	2020 £	2019 £
Office Costs	305,656	590,922
Finance and IT	96,249	158,627
HR, Recruitment and Training Costs	245,743	312,081
Governance Costs	228,612	195,187
	876,260	1,256,817

7. GOVERNANCE COSTS

	2020 £	2019 £
Audit Fees - Former Auditor	-	51,525
Audit Fees - Current Auditor	51,787	50,400
Legal fees	112,261	83,103
Trustees' expenses	-	1,836
Internal audit	64,564	8,323
	228,612	195,187

In addition to governance costs stated above, Muslim Aid also incurred £4,566 for the local audits of its overseas country offices (2019: £9,129)

No member of the Board received any remuneration for their work as Trustees (2019: nil).

During the year 0 trustee (2019:3) received re-imbursement for travel and subsistence costs totalling £nil (2019: £1,836)

8. STAFF COST AND NUMBER OF EMPLOYEES

Average number of employees during the year were:	2020 Number	2019 Number
Fundraising	46	55
Information Public Affairs	5	10
International Programmes	690	741
Management & Finance	85	120
Corporate Services	55	58
Internal Audit	3	4
	884	988
Average number of country office employees included above	801	876

Employment Costs	2020 £	2019 £
Gross Pay	3,462,518	4,808,950
Employer's National Insurance	334,042	465,268
Pension Costs	34,142	48,344
	3,830,702	5,322,561

Staff costs includes the cost of 7 casual employees (2019: 25) who are employed during the months of Ramadan and Qurbani

	2020 Number	2019 Number
£60,001 - £70,000	-	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	2
	1	5

Total remuneration for senior employees was £393,125 (2019: £378,532). Employers NI was £50,158 (2019: £46,617) and employer pension costs were £8,631 (2019: £7,385). Senior employees are considered to be key management personnel and refers to the CEO, Director of Business Development, Director of IPD, Director of Transformation, Head of People & Culture, Head of International Programmes, Head of Finance and Head of Legal & Compliance.

During the year there were 27 redundancy payments (2019:nil) amounting to £165,739.07 (2019:£nil).

9. INTANGIBLE FIXED ASSETS

	Computer Software
Cost	£
At 1 January 2020 (per stats)	263,796
Additions	-
Disposals	-
As at 31 December 2020	263,796
Depreciation	
At 1 January 2020 (per stats)	200,544
Charge for the year	16,867
Disposals	-
As at 31 December 2020	217,411
Net book values	
At 31 December 2020	46,385
At 31 December 2019	63,252

10. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Buildings	Computers & Software	Fixtures & Fittings	Office Equipment	Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2020 (per stats)	1,930,421	660,539	344,786	747,935	532,015	4,215,696
Additions	2,959	53,062	17,376	32,075	75,922	181,393
Disposals	0	(30,935)	(39,762)	(61,011)	(87,915)	(219,622)
Revaluation to closing rates	(45,487)	(14,320)	(6,007)	(31,708)	(14,535)	(112,057)
As at 31 December 2020	1,887,893	668,346	316,393	687,291	505,487	4,065,411
Depreciation						
At 1 January 2020 (per stats)	449,703	517,439	221,984	555,217	358,292	2,102,635
Charge for the year	46,005	59,044	16,128	35,504	45,840	202,521
Disposals	0	(20,660)	(29,485)	(43,279)	(52,494)	(145,918)
Revaluation to closing rates	(12,299)	(9,784)	(4,844)	(23,684)	(11,806)	(62,416)
As at 31 December 2020	483,409	546,039	203,783	523,758	339,832	2,096,821
Net book values						
At 31 December 2020	1,404,484	122,307	112,610	163,533	165,655	1,968,589
At 31 December 2019	1,480,718	143,100	122,802	192,718	173,723	2,113,061

11. DEBTORS

	2020	2019
	£	£
Microfinance loans	4,352,999	4,766,303
Receivables from Institutions	50,275	615,459
Gift Aid	352,904	400,204
Prepayments and accrued income	952,105	1,185,558
	5,708,283	6,967,524

12. CREDITORS

	2020	2019
	£	£
Amounts falling due within one year		
Programme creditors	2,203,577	2,742,016
Trade creditors	65,289	109,370
Accruals	52,688	116,959
Microfinance	2,411,166	2,550,600
Deferred income	25,450	40,096
	4,758,170	5,559,041

13. PROVISIONS

	2020	2019
	£	£
Balance at the beginning of the period	1,587,807	613,640
Amount released in the period	(18,285)	(77,654)
Increase in provision in the period	-	1,051,821
Balance at the end of the period	1,569,522	1,587,807

The charity has an on-going strategy of consolidating the number of its country programmes. The trustees have identified a number of potential liabilities arising from closed country programmes and have set aside a provision to cover these. The provisions are calculated based on the trustees' assessment of the probability of these liabilities crystallising. The provisions balance also includes overseas staff pension that is to be settled once the staff depart the organisation.

14. STATEMENT OF FUNDS (2020)

	Balance at 1st Jan 2020 £	Income £	Expendi- ture £	Gains/ (losses) £	Transfers £	Balance at 31st Dec 2020 £
Restricted:						
<u>UK Institutional Grants</u>						
ECHO	-	207,239	48,258	-	-	158,981
DFID	492,458	618,018	505,584	-	-	604,892
United Methodist Committee on Relief	54,146	-	-	-	-	54,146
Other Institutional funds	-	76,044	35,149	-	-	40,895
<u>Field Offices</u>	3,432,424	7,054,098	7,022,292	(213,714)	-	3,250,516
<u>Muslim Aid: Emergency Funds</u>	5,251,660	1,631,318	4,083,473	-	-	2,799,505
Muslim Aid: Other Funds						
Development Fund	671,495	2,701,184	2,349,744	-	-	1,022,935
Zakat Fund	-	1,928,416	759,300	-	-	1,169,116
Religious Fund	(240,770)	1,037,026	829,687	-	-	(33,431)
Childcare and Sponsorship Fund	(564,230)	1,702,109	1,414,203	-	-	(276,324)
Total Restricted Funds	9,097,183	16,955,452	17,047,690	(213,714)	-	8,791,231
Unrestricted Fund:						
Fixed Asset Fund	2,043,180	-	48,420	-	20,214	2,014,974
General Fund	(501,501)	3,022,119	2,656,910	-	(20,214)	(156,506)
Total Unrestricted Funds	1,541,679	3,022,119	2,705,330	-	-	1,858,468
Total Funds	10,638,862	19,977,571	19,753,020	(213,714)	-	10,649,699

14. STATEMENT OF FUNDS (2019)

	Balance at 1st Jan 2019 £	Income £	Expendi- ture £	Gains/ (losses) £	Transfers £	Balance at 31st Dec 2019 £
Restricted:						
<u>UK Institutional Grants</u>						
DFID	-	657,680	165,222	-	-	492,458
Start Network	-	33,064	33,064	-	-	-
United Methodist Committee on Relief	639,186	25,623	610,663	-	-	54,146
World Federation	(2,592)	-	(2,592)	-	-	-
Globus Relief	-	3,132,202	3,132,202	-	-	-
Other Institutional funds	1,127,475	159,856	1,287,331	-	-	-
<u>Field Offices</u>	4,579,169	10,701,196	11,626,689	(221,252)	-	3,432,424
<u>Muslim Aid: Emergency Funds</u>	7,917,122	3,662,877	6,513,349	-	185,010	5,251,660
Muslim Aid: Other Funds						
Development Fund	(260,466)	5,767,294	3,673,627	-	(1,161,706)	671,495
Religious Fund	(263,593)	1,239,070	1,908,930	-	692,683	(240,770)
Childcare and Sponsorship Fund	(293,329)	1,416,511	1,971,425	-	284,013	(564,230)
Total Restricted Funds	13,442,972	26,795,373	30,919,908	(221,252)	-	9,097,183
Unrestricted Fund:						
Fixed Asset Fund	2,137,291	-	37,322	-	(56,789)	2,043,180
General Fund	(2,148,095)	3,771,397	2,181,592	-	56,789	(501,501)
Total Unrestricted Funds	(10,804)	3,771,397	2,218,914	-	-	1,541,679
Total Funds	13,432,168	30,566,770	33,138,822	(221,252)	-	10,638,862

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Unrestricted £	2019 Restricted £	2019 Total £
Fixed Assets	2,014,974	-	2,014,974	2,176,313	-	2,176,313
Net Current Assets	(60,506)	10,264,753	10,204,247	(538,634)	10,588,990	10,050,356
Provisions due > 1 year	(96,000)	(1,473,522)	(1,569,522)	(96,000)	(1,491,807)	(1,587,807)
	1,858,468	8,791,231	10,649,699	1,541,679	9,097,183	10,638,862

16. COMMITMENTS

	2020 £	2019 £
Land and buildings		
Operating leases expiring		
- Within one year	-	71,280
- Within two to five years	-	142,560
	-	213,840

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

As was reported in last year's report, in September 2020 the Charity Commission announced they were opening a new statutory inquiry into the charity. This gave rise to some material uncertainty in relation to the going concern status of the charity.

The trustees have continued to engage with the Charity Commission over the last year. The charity has made significant progress towards completing all the actions contained in the Charity Commission's original Action Plan to the Commission's satisfaction. The trustees are confident that the remaining actions can all be completed within a reasonable timeline and that as a result the regulatory action being taken against the charity will be closed.

In the view of the trustees the progress made in completing the actions requested by the Charity Commission has significantly reduced the uncertainties faced by the charity. As a consequence, and in conjunction with continued progress in reducing the cost base and re-building the underlying reserves position, the trustees no longer consider there to be any material uncertainty around the going concern basis.

19. PARTNERS

	2020 £	2019 £
Nahda Makers Organization	423,383	403,049
Palestinian Association for Education and Environment	516,320	621,836
Sawaed Association for Relief and Development	114,327	150,090
Nour El Marifa Association	-	246,312
Ihsan for Relief and Development	378,166	241,792
The Welfare Association	327,305	133,277
Muntada Aid	118,300	344,695
Ard El Insan Palestinian Association	120,374	-
Atfaluna Society for Deaf Children (ASDC)	103,975	-
Mayar Foundation for Development	178,861	-
Yemen Family Care Association	131,210	-
YKMI (Yayasan Kemanusiaan Madani Indonesia	101,150	-
Partners below < £100k	429,330	748,628
	2,942,701	2,889,679

20. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

Muslim Aid controlled the operations of the following subsidiary entities which are excluded from consolidation on the grounds of being not material in the context of the overall financial statements.

MA (Micro credit) Guarantee Limited - Sri Lanka

Muslim Aid's Sri Lanka office also controls the operations and activities of Muslim Aid (Micro Credit) Guarantee Limited, which manages the microcredit operation in Sri Lanka on behalf of Muslim Aid. Results excluded from consolidation are as follows:

	2020 £	2019 £
Assets	187,599	216,457
Liabilities	(234,893)	(244,831)
Net (liabilities)/assets	(47,294)	(28,374)
Income	47,853	53,737
Expenditure	(66,875)	(64,073)
Deficit/Surplus	(19,022)	(10,336)

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	2020 Expenditure	2019 Expenditure
Kashif Shabir CEO	Ethical Business Strategic Review	300	8,600
Jehangir Malik Ex - CEO	ACEVO Member	-	1,639
	MCF Membership	-	26,500
Zac Hussain - Director of Business Development	Redbridge Ramadan Eid in the Park Sponsorship	-	25,000
Zakya Hussain - Head of People and Culture	Trustee of Muslim Aid Sweden MA UK received a Funds totalling £275,930, with a Debtor due of £138,134.00 as at 31st December 2019		
		300	61,739

22. COMPARATIVE SOFA (COMPARATIVE)

Muslim Aid Consolidated Statement of Financial Activities
For the year ended 31 December 2019

	Unrestricted Funds £	Restricted Funds £	Total £
Income from:			
Donations and Legacies	3,675,629	18,413,389	22,089,018
Charitable Activities	72,271	8,381,984	8,454,255
Investment Income	23,497	-	23,497
TOTAL INCOME	3,771,397	26,795,373	30,566,770
Expenditure on:			
Raising Funds	587,194	4,413,861	5,001,055
Charitable Activities	1,631,720	26,506,047	28,137,767
TOTAL EXPENDITURE	2,218,914	30,919,908	33,138,822
Net income / (expenditure)	1,552,483	(4,124,535)	(2,572,052)
Exchange surplus / (loss)	-	(221,252)	(221,252)
Transfer of Funds	-	-	-
Net movement in funds	1,552,483	(4,345,787)	(2,793,304)
Total funds at 1 January 2019	(2,304,433)	15,736,599	13,432,166
Prior Year Adjustment	2,293,629	(2,293,629)	-
Total Funds as restated 1 January 2019	(10,804)	13,442,970	13,432,166
Total funds at 31 December 2019	1,541,679	9,097,183	10,638,862

Legal and Administrative Information

CHARITY NUMBER (CIO) 1176462

CHAIR

Iftikhar Ahmed Awan

VICE CHAIR

Sara Pantuliano

TREASURER

Salim Omar

TRUSTEES

Mohammed Abdul Aziz

Aaqil Ahmed

Mustafa Faruqi

Maliha Khan

Appointed 15th March 2021

Faria Ali

Appointed 17th May 2021

MEMBERS OF THE FINANCE AUDIT AND RISK COMMITTEE

Iftikhar Ahmed Awan (Chair)

Salim Omar

Furquan Ali

Rowena Collings

Haniya Dar-Tobin

MEMBERS OF THE PROGRAMMES COMMITTEE

Sara Pantuliano (Vice Chair)

Mohammed Abdul Aziz

Geoffrey O'Donoghue

Amjad Saleem

Kashif Shabir

MEMBERS OF THE PEOPLE & CULTURE COMMITTEE

Kashif Shabir

Mustafa Faruqi

Mohammed Abdul Aziz

Zakya Hussain

CHIEF EXECUTIVE

Kashif Shabir

Appointed 27th April 2020

Jehangir Malik

Resigned 24th April 2020

MANAGEMENT TEAM

Moyenul Islam

Head of Finance

Zakya Hussain

Head of People and Culture and Services

Abu Akeem

Head of Programmes

Abu Kalam

Head of Fundraising and Marketing

Muslim Aid management departures of;

Zakir Hussain (Director of Business Development, resigned 12 June 2020) and

Imtiaz Mohammed (Director of International Programmes, resigned 30 June 2020).

REGISTERED OFFICE

PO Box 3

London

E1 1WP

PRINCIPAL OFFICE

Fourth Floor

LMC Business Wing

38 – 44 Whitechapel Road

London

E1 1JX

BANKERS

Lloyds Bank plc

Al Rayan Bank

SOLICITORS

Simons Muirhead & Burton LLP

87-91 Newman Street

London

W1T 3EY

INTERNAL AUDITORS

Intisaa Consulting Ltd

Walsall

WS5 3AE

AUDITORS

Sayer Vincent

Invicta House

108-114 Golden Lane

London

EC1Y 0TL



Muslimaid.org
020 7377 4200

