



ANNUAL TRUSTEES' REPORT AND FINANCIAL STATEMENT

For the year ended 31 December 2019

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MESSAGE FROM THE CHAIR



It is with great pleasure that we share our Annual Report and Financial Statements for 2019.

This year, we feel a profound sense of honour, privilege and humility as we celebrate the landmark of serving humanity for 35 years. In reaching this milestone, Muslim Aid continues to be an organisation rooted in Islamic values and driven by the inspiration of its incredibly generous supporters and donors in the United Kingdom and around the world. We are grateful for the foresight and vision of our predecessors to have established Muslim Aid as a community-based organisation that has helped pave the way for Muslims and many other communities to support humanitarian aid efforts around the globe.

Under the stewardship of the Board appointed in 2018, we have continued with our journey of change to meet the growing challenges and needs faced by the INGO and wider charity sector. In April 2020 we appointed an interim CEO and later formed a new leadership team mandated to build a culture and ethos that reflects our values, overhaul our systems, policies, processes and procedures, and bring our business systems and project delivery under greater control and oversight.

We continue to evolve and adapt our global operations to meet the needs of our beneficiaries and ongoing humanitarian crises 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 projects and programmes.

We are also strengthening our commitment to putting the beneficiaries at the heart of everything we do. The Board has recognised the need to reduce its overall expenditure on its operating and related costs and in response has overseen a significant transformation process that has resulted in halving our workforce in the United Kingdom and other cost saving measures. Whilst we continue to reduce our cost base, we will ensure that we strive to improve the impact of our work, and ensure our projects are evidence-based, monitored, sustainable and accountable.

To achieve our aims, we need to make efficient use of our resources and maintain the right level of investment in our systems and people. We want to ensure we have exceptional leadership at Board and Executive level, with a skilled and capable workforce who work together in harmony to maximise the impact of the donations and grants we are entrusted with and reach those most affected by ongoing conflict, humanitarian crisis and disaster all over our world.

A handwritten signature in black ink, reading 'Iftikhar Awan', with a long, sweeping underline.

Iftikhar Ahmed Awan

Chair of the Board of Trustees

MESSAGE FROM THE INTERIM CHIEF EXECUTIVE



We are honoured to have been able to deliver lasting change over the past three decades. As we mark our 35th year, our work remains of utmost importance in contributing to achieving the United Nation's Sustainable Development Goal (SDG1) of eradicating extreme poverty by 2030.

I am both humbled and privileged to have been given the opportunity to be part of a noble effort that started in 1985 in response to the drought in Africa and which has continued to work towards the vision of a world without poverty ever since.

Humanitarian Response

In 2019 Muslim Aid's humanitarian and emergency response reached over 2 million people around the world. Working with our institutional partners - UNFPA, WFP and UNHCR - we have accessed some of the most vulnerable people in the hardest to reach areas of the world. In Yemen we have installed over 200 rainwater harvesting units and hygiene kits for clean water to over 1000 households. In Pakistan our teams on the

ground responded to the drought in Balochistan and the earthquake in Mirpur with food packs, ambulances and tents. Following the Easter Sunday tragedy in Sri Lanka, Muslim Aid provided scholarships, counselling and livelihood assistance to families impacted by the violence. Our Sri-Lanka team was also instrumental in providing shelter and safety to those businesses and homes impacted by the ensuing riots.

We are proud to be the only registered faith-based NGO that continues to work in Myanmar since our initial response there in 2012. With the fantastic support of our donors and the dedication and hard work of our staff, we provided shelter, latrine facilities, solar powered lighting, water drainage and hygiene facilities after Cyclone Mora left many homeless.

The continuous generosity and loyalty of our donors allowed us to expand our Qurbani and Ramadan feeding programmes to 25 countries, reaching over 450,000 beneficiaries with a mixture of in-kind, cash and vouchers for families so that they could meet their needs from local markets with dignity.

Development Programmes

Muslim Aid's faith-based values are central to our mission of not only responding to emergencies but creating sustainable livelihoods for the long term. Our development work in Health, Education and Livelihoods in 2019 positively impacted almost 1 million people directly with almost 4 million in total benefitting from our interventions. This included 4,500 children supported through our Rainbow Family child sponsorship programme and 70,000 people empowered to becoming self-reliant in our livelihoods programmes in Bosnia, Somalia and Syria. We gave almost 250,000 children access to a safe learning environment in Bangladesh, especially for girls, and provided WASH and medical care to over 200,000 beneficiaries in the refugee camps in Gaza, Lebanon and Sudan.

A Time for Change

Muslim Aid has learned important and invaluable lessons from its past which I believe will now make it even stronger for the future. We have learned the



importance of charities investing appropriately in their infrastructure, systems and people. These foundations are essential to deliver a greater impact for the beneficiaries we serve.

Our experiences have enabled us to deal with inevitable and unforeseen issues but also to create opportunities in the face of challenges. We now have the organisational agility to proactively change and enhance our operating model for greater impact.

Despite Muslim Aid's phenomenal long-term achievements, we recognise the need to enhance our governance, management, fundraising, programmes, financial management and ultimately our organisational culture. We are self-aware about what we need to improve, and this has provided the motivation for the executive team, under the direction of our Board to review and accelerate Muslim Aid's transformation agenda which is based on four global strategic priorities:

1. **Inclusive & locally driven action;** a greater voice for communities and transfer of power to local teams.
2. **Influencing for change;** establishing grass roots platforms that engage beneficiaries and amplify their voices with policy makers and the general public,

advocating for those in need.

3. **We will invest and build One Muslim Aid Family;** a global family of equals, unified in their shared commitment to realising our vision, supported by processes, systems and technologies that enable a culture of innovation and excellence.
4. **Faith Based Programming, Processes & Tools;** The understanding, development and application of Islamic principles and concepts in programmes, processes and tools based on evidence and best practice.

Muslim Aid's future strategy will be guided by the following principles of change:

Sustainable Business Model

A streamlined organisational structure in the UK built around income generation, strategy development, timely donor reporting and knowledge sharing, with a strong delivery framework based around sound partnership working with national and international business partners. The new structure will decentralise decision making to be closer to the beneficiaries and those that know them best. We expect the new model to halve our core operating costs by the end of 2020.

Governance, Processes & Monitoring

Robust monitoring and evaluation processes and systems in place within country and centrally for effective reporting to donors and stakeholders.

Programmatic Focus with Faith Inspired Solutions

Muslim Aid's faith-based roots and values run deep. They drive how we think and work. We will continue to build, convene and share expertise on faith-based programming and impact through knowledge networks inside and outside of the faith-based sector. Our long-term aim would be to build on our expertise in delivering livelihood, health and education interventions in the hardest to reach places and to the most vulnerable.

Income Diversity & Digitalization

Like most Muslim charities, Muslim Aid has relied heavily on seasonal fundraising campaigns such as Ramadan, Qurbani and emergency appeals. We want to increase programmatic impact by having more reliable income streams through institutional funding, trusts and corporate partnerships (CSR) whilst still maintaining our grassroots presence in those communities that have continued to support us. We will leverage our investment in digital spaces to improve organisational performance, programme delivery, efficiency and donor satisfaction.

For 35 years, Muslim Aid has upheld its values of Dignity, Justice, Excellence and Compassion. Our journey to the next 35 years has begun and we expect it to be just as challenging and rewarding as the first. We hope and pray that you continue to support us in our journey together to serve humanity.



Kashif Shabir

Interim Chief Executive

OUR VISION AND STRATEGY

We set out Muslim Aid's mission, values and strategic goals. These are followed by our key activities, illustrated through case studies, and our achievements and objectives for the year ahead.

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. Specifically, this involves tackling poverty and relieving 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 2019

<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 logistical support.</p>
<p>Goal 3: Provide access to quality primary education; especially for girls</p>	<p>Muslim Aid's education programme will continue to provide 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. Women living in poverty 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. This will 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 25 countries across Africa, Asia and Europe, Muslim Aid strives to help the poor overcome the suffering endured due to a lack of basic necessities, or because of natural and other disasters. 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 of grant 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.

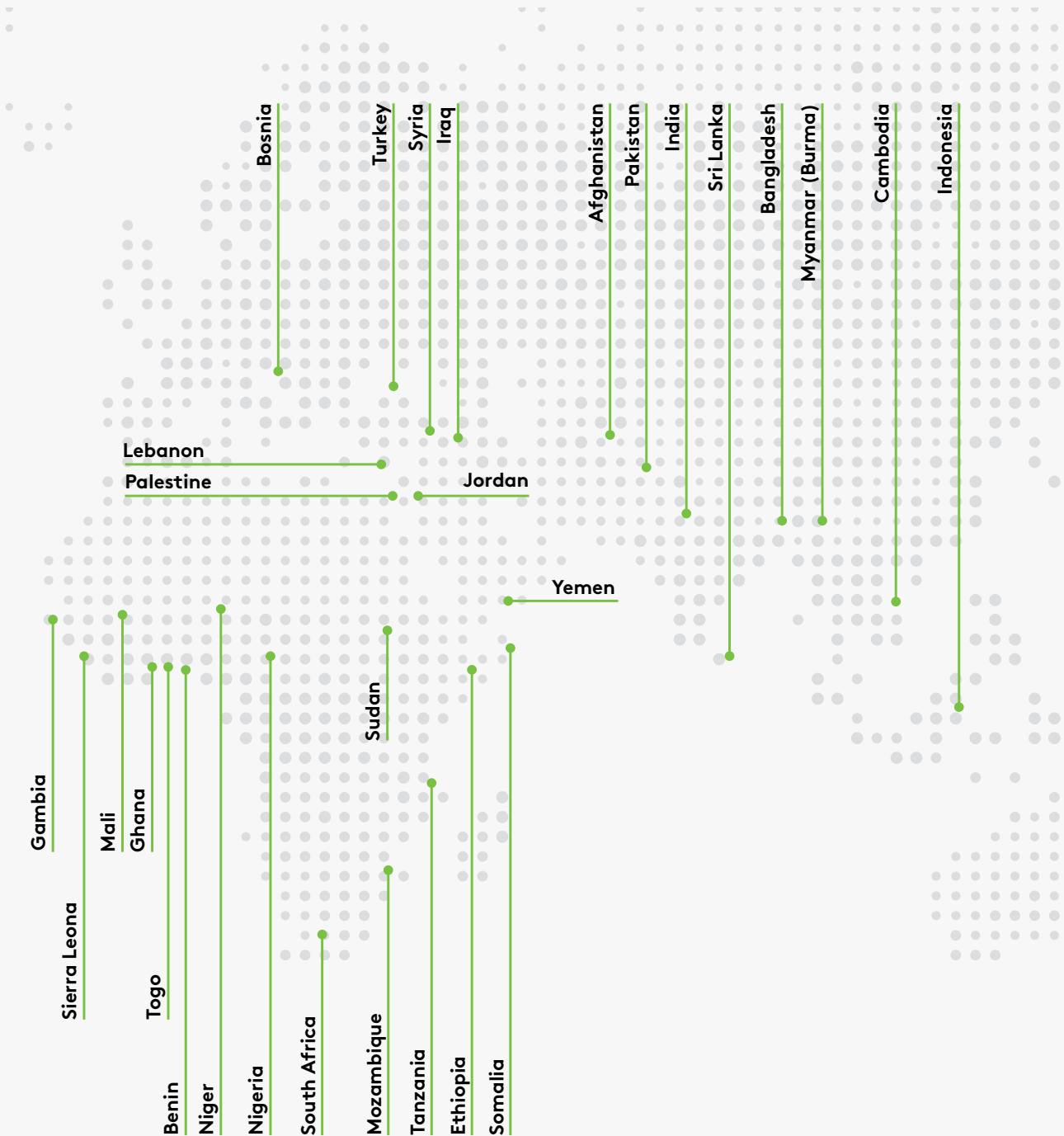
The UK Office liaises with the local Country Office staff to help develop and monitor the programme activity. We operate in the following countries though either a branch office, local entity or dual entity:

- Bangladesh
- Bosnia
- Cambodia
- Indonesia
- Jordan
- Lebanon
- Myanmar
- Pakistan
- Somalia
- Sri Lanka
- Sudan

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 for example ECHO, EU, WFP, IDB and UNDP.

WHERE WE WORK



OUR ACHIEVEMENTS AND PERFORMANCE IN 2019

In 2019, as part of our strategy refresh and with the help of our Country Offices, we started to map out our priorities, strengths and weaknesses. We considered sector wide conversations such as localisation and the role we can play in these developments, and considered the role of faith in our approach.

Alongside developing a new strategy, we continued to operate as usual, delivering humanitarian and development programmes to serve humanity. Through our community-based approach and involvement of a range of local stakeholders, we ensured that the programmes delivered were sustainable, had high impact and addressed the needs of the community. In 2019, Muslim Aid was able to reach just over 7 million people across the world.



How many
people did we
reach in 2019?

7.2
Million

How much did
we spend
doing that?

£33.1
Million

Zakat

Zakat is one of the pillars of Islam and so we believe that it should be at the core of our work. Muslim Aid is in a unique position to assist Muslims in fulfilling their Zakat obligations, by providing the processes and means for their Zakat funds to be used to help lift people out of poverty and strengthen communities across all the countries in which Muslim Aid works.

We are proud of the integrity of our Zakat arrangements, which are at the heart of our core values and beliefs. Muslim Aid's policy is to ensure that its Zakat activities are in full accordance with the teachings of Islam, so that it may fulfil its amanah (trust) in the best possible way.

Our key principles:

- Our fundraisers will educate, communicate clearly with donors how their Zakat will be/has been spent and allocate Zakat funds according to the principles of Zakat;
- Our Programmes will ensure that Zakat funded projects adhere to the principles of Zakat. Thereafter, they will ensure regular reporting on Impact; and
- Our Finance and Internal Audit will ensure that Zakat funds are allocated and spend according to Zakat principles.

The Impact we had and our Zakat eligible projects ...



Humanitarian Programme

A unique characteristic we are proud of is our ability to reach places that are often inaccessible to other international stakeholders and institutions. Due to this, we continued to work hard in conflict-affected countries that are of high risk and hard to reach, such as Syria, Yemen and Myanmar. We also responded to countries affected by natural disasters, like Pakistan. In both emergency contexts, we responded quickly, in a cost-effective, efficient, and sensitive way. This was achievable through working with partners and country offices that are highly aware of the local context and through funding from large institutional donors, such as UNFPA, WFP, and UNHCR.

As an organisation that was founded from a humanitarian response, our emergency projects over the years have extended to include a range of approaches. Our projects range from distributing non-food items (such as tents, blankets, solar lights, sanitation kits and shelter), food items, grants, cash transfer, and awareness sessions on hygiene practices.

For each response, we aim to promote and ensure the independence of the communities, including after the implementation of the project. For example, where applicable, in some contexts we have been able to transition from traditional food parcels to food vouchers. This provides the beneficiaries the freedom to choose according to their needs. We have also developed in the way we consider the environmental impact of our interventions. In Myanmar for example, we built 120 temporary shelters with access to WASH facilities for affected households in Rakhine state.

In 2019, our humanitarian response reached more than 2 million individuals in 10 countries.

Yemen

Years of conflict and the lack of development in Yemen has led to around 17.8 million people currently unable to meet their basic WASH needs.

To help tackle this, in 2019, we implemented a new Rainwater Harvesting project, which installed 235 rainwater harvesting units, and distributed water ceramic filters and hygiene kits to 1000 households.



235 Rainwater Harvesting Units



Distributed water ceramic filters and hygiene kits to **1000** households

Pakistan

In 2019, Muslim Aid responded to two emergencies in Pakistan. The first response was implemented after a slow-onset drought in Balochistan. The intervention provided food packs and fodder to 1000 families in Chagai District. This project was funded under our Zakat eligible programmes.

The second response was after a 5.8 magnitude earthquake hit Mirpur on 24th September. Muslim Aid provided immediate relief, which included;

- **Distributing 180 tents**
- **250 food packs**
- **2 Muslim Aid ambulances**
- **Managing calls for referrals and moving the injured to treatment centres**

Throughout the project, several coordination meetings took place with government organisations and partners, community leaders, and NGOs.





Sri Lanka

Following the Easter Sunday tragedy, Muslim Aid, through a 7-month project, provided scholarships for children, medication and treatment for 50 families, counselling for trauma patients, vocational training opportunities and livelihood assistance.

In addition, after the Easter Sunday incident, several riots took place that damaged homes and businesses of targeted communities. Muslim Aid provided economic and safe shelter initiatives to support in the recovery of those affected.

Myanmar

Since the start of the humanitarian response in 2012, the government has pushed the humanitarian community to build inherently temporary shelter to avoid building permanency in the camps. These types of shelters were designed to last approximately two to three years.

In May 2017, Cyclone Mora left many temporary shelter units in rural camps damaged. Muslim Aid continues to provide shelter, latrines, solar panels to support the lighting in the streets, and rehabilitate the drainage systems around the shelters since the aftermath of the cyclone and the communal clashes that left thousands of homes damaged. We also provided hygiene items and conducted promotion sessions on hygiene awareness.

55-year-old Aung Kyaw Win lives with his wife and four children.

Aung Kyaw Win and his family received a new latrine as part of this project. In Hla Ma Chay Village, open defecation is still practiced due to lack of adequate toilet facilities. Aung Kyaw Win himself has suffered with health problems. He considered the previous latrine his family were using as their greatest problem: *"I was not happy of the previous latrine we were using because it was damage[d], exposing us to snake[s] and even embarrassing me whenever I got a visitor"*.

The family were unable to build improved latrine facilities for their household themselves due to financial challenges.

FEED THE FASTING PROGRAMME



Many people give their Zakat during the blessed month of Ramadan. Our Feed the Fasting programme was implemented in 17 countries in 2019 and ensured support to **Zakat eligible households** to meet their basic needs. We were able to reach around **55,000 direct beneficiaries**.

In 2019, we adopted a Cash Base programming approach (CBP) with an in-kind element. The CBP approach allowed Muslim Aid to **distribute its Zakat** funds and empower local communities in a dignified manner.

Our programmes were a mixture of cash vouchers, cash distribution and in-kind. In cases where there was a lack of access to direct markets, such as in Palestine and in Yemen, traditional food parcels were delivered. The items in the food parcels included staple ingredients such as rice, wheat, pulses, oil, sugar, and flour.

In contexts where there is direct access to the markets, we were able to distribute cash vouchers allowing

individuals to choose from a range of products, such as fresh vegetables, eggs, cheese etc.

1.6 Million Meals Distributed Last Year

£60
can feed a fasting family for the whole month of Ramadan.

Donate Now
[Muslimaid.org](https://muslimaid.org)

Muslim Aid
Serving Humanity
#makingitcount



Qurbani Programme

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

In 2019, with a total figure of **£850k**, Muslim Aid were able to distribute nutritional meat to 25 countries; an increase of nine countries in comparison to the previous year. This means that our reach included countries and partners we had not yet targeted such as Mali, Ghana, Togo, Niger, Benin and Uganda. Through the help and generosity of our donors, we were able to expand our reach to around **397,500 people**.

A total of £850k

Distributed nutritional meat to
25 Countries

Rainbow Family

The Rainbow Family programme provides support to vulnerable children to ensure they have access to primary and secondary education.

In 2019, we supported around 4,500 children across the Middle East, Africa, South Asia and South East Asia. This programme is **mainly funded by Zakat donations** as it is reliant on cash distributions to support needy children and their families.

Winter Campaign

During the last few months of winter in 2019, Muslim Aid started winter projects in several countries, including Syria, Gaza, Pakistan and Bangladesh.

Our winter projects include the distribution of blankets, mattresses, clothes, heaters and other items to protect the most vulnerable from the cold.

DEVELOPMENT PROGRAMMES

In addition to responding to emergencies, Muslim Aid continued to lead on and deliver programmes that focus on the long-term needs of the most vulnerable. With all our programmes, we work with the communities to make sure we address their needs and to also create self-sustaining communities.

In 2019, we reached 954,732 individuals directly and 3,987,865 people indirectly.



Livelihoods

At Muslim Aid, our livelihood programmes range from supporting the establishment of micro-enterprises and farms through small grants, to providing skills training, equipment and consultative support.

Our main goal in delivering programmes that secure sustainable livelihood opportunities is to enable the poor and marginalised to live with dignity and to restore their livelihood opportunities. In 2019, our livelihood projects, empowered 70,000 people toward becoming self-independent.

In Bosnia and Herzegovina, agriculture and livestock breeding are viable ways to reduce poverty. To contribute towards poverty alleviation and to help disadvantaged families in rural areas, Muslim Aid began a project in 2019 that aimed to enable the economic empowerment of socially vulnerable families. This

was achieved through providing skills training on how to maximise milk production and how to ensure the nutrition of farm animals. In addition, we also donated pregnant heifers to ensure sustainable support.

In Somalia, Muslim Aid completed a project that aimed to improve the livelihoods of women and children through providing training and home economics skills such as food administration and economisation. Skills training, equipment and consultative support was delivered to internally displaced women from women headed households, who were helped to start small businesses and secure income for their families.

Since the beginning of the Syrian Crisis, the agricultural sector has been significantly affected by the decline in crop production, livestock numbers, destruction of infrastructure and services, and the loss of Human Resources for production. To address the need, Muslim Aid started a project in 2019 to support the most disadvantaged farmers and livestock breeders in Syria to improve resilience and income generation. For the farmer component of the project, Muslim Aid provided compound fodder, veterinary services and technical skills through a training programme. For the agricultural component, the project provided agricultural inputs, including seeds, fertilisers and fuel, and also provided training. The project directly supports 600 individuals.



Suvad Duranović is unemployed and disabled. The money he receives from the disability allowance is not enough for the life needs of his family nor his medication.

After receiving a heifer and training, Duranović and his family now successfully produce milk, cream and cheese. From the sales, they can now earn an additional income.





Education

Education creates opportunities for the poor and marginalised to break out of the cycle of poverty for future generations. Unfortunately, girls face barriers in accessing education in many regions of the world. Therefore, at Muslim Aid, our goal is to provide access to primary education, especially for girls.

Our programmes range from rehabilitating school structures, including upgrading school WASH facilities, increasing education resources such as educational materials, tools and equipment, and building the capacity of teachers and parents. In addition, we have found that school feeding programmes and the distribution of biscuits fortified with vitamins and micronutrients are needed to sustain and increase the retention rates in schools.

In 2019, we improved the access and learning environment for children. This meant that around 247,600 people were reached in total.

In Sri Lanka, Muslim Aid is working on a project that aims to ensure safe and quality education for vulnerable rural children. As education is considered a key driving component that will bring about permanent and sustainable changes in rural communities, we are rehabilitating school structures and upgrading WASH facilities, building the capacity of teachers in core subjects, building the capacity and knowledge of parents/caregivers on their child's rights to education and increasing educational resources in schools.

In Bangladesh, the government has implemented a Food for Education Programme. School feeding constitutes a safety net to ensure that children receive adequate micronutrients and is an incentive to parents to send children to school. In 2019, Muslim Aid targeted areas that are considered highly food-insecure and aimed to improve the access to basic education in poverty prone areas and in areas of low school attendance.

We distributed biscuits fortified with vitamins and micronutrients, delivered essential packages and

training on enhancing the leadership of women in schools, provided de-worming activities and disseminated information on health, hygiene and HIV/ aids. In addition, we provided training to schools, school management committees, government officials and NGOs on how to operate the school feeding programme and sensitised governments, communities and schools. on the importance of good nutrition for education.



Amina is a 52 year old Syrian refugee, who fled Syria due to the war. She has 9 kids, the youngest of which has cerebral palsy, motor neurone disease and mental disability. The family are living in very poor conditions.

To address the needs of their youngest child, Muslim Aid provided the necessary medication to relieve his pain and help manage his symptoms.

Health

In Gaza, households primarily rely on buying water for drinking as the available water is contaminated with high levels of nitrates from waste and sewage.

Since 2018, to address this issue, we have installed approximately 100 water systems, serving around 190,000 beneficiaries. Following this success, in 2019, we renewed the project to install a further 50 solar powered desalination units and maintain 40 desalination plants in schools and health centres. We hope this will reach around 80,000 beneficiaries, including students, teachers, patients and doctors.

In 2019, through a maternal medical centre in Lebanon, Muslim Aid provided the full range of affordable, equitable and high-quality pre-natal services, including medicine, scans and lab tests. We also provided

postnatal care, including counselling and awareness, for mothers and new-borns through home visits.

For pregnant women, we conducted awareness and counselling on nutrition education and family planning. In addition, through the medical centre, children under 14 were provided with primary healthcare services. In total, our intervention helped around 2,900 mothers and children.

Since 2008, Muslim Aid has been actively providing Primary Health Care services in Kassala State, Sudan. In 2019, we continued to address gaps identified from a health facility assessment to improve access to integrated primary health care services, with an emphasis on mothers and children under 5 years. To do this, Muslim Aid improved the access to consultation and treatment in 11 health facilities. This was achieved through the provision of kits that included detergent, towels, cleaning materials, clinic furniture, medicine, gloves and medical equipment. Moreover, we rehabilitated water systems in 7 health facilities, and provided gas cylinders and stoves to 10 health clinics to improve disinfection and sterilisation. To ensure sustainability of the project, we strengthened the capacity of the health facility staff and local health department staff through the provision of training.

To support livelihoods and prevent waterborne diseases, Muslim Aid rehabilitated underground water reservoirs in Somalia in 2019. As most of the community berkads were in disrepair, damaged by excessive use and extreme climate, and exposed to wild animals and dirt, the conditions made them prone to communicable water borne diseases. As a result, many households were unable to access enough clean water to drink, cook food and provide water to their animals. To address these challenges, Muslim Aid rehabilitated and cleaned 20 community water reservoirs. We also provided new roofs, piping systems and collection points, and trained locals to maintain the reservoirs.

Another achievement in 2019 was through improving access to MNCH and primary health care services globally reaching around 666,000 people.





Muthu Kavitha is a Government teacher who voiced her concerns to Muslim Aid regarding the school's main hall, which was in a derelict condition.

She also requested chairs for the main hall. Muslim Aid responded and reconstructed the main hall and supplied the school with chairs. Muslim Aid also provided a capacity training seminar to the teachers at the school.

Kavitha said, *'Thank you Muslim Aid for selecting our school. MA is an organisation which embraces all people regardless of race or religion. They look at everyone the same way and believe in our potential.'*



MUSLIM AID'S COVID-19 INTERVENTION

During 2020, Muslim Aid has been taking clear and robust steps to protect and safeguard its staff and those that our staff come into contact with and will participate in the international effort to protect the most vulnerable members of our communities both in the United Kingdom and globally.



In consultation with Country Offices we have developed an intervention approach designed to support the efforts by national health authorities and the WHO to protect the most vulnerable members of society and ensure that spikes in COVID-19 cases can be managed by the promotion of sound hygiene practices.

The interventions below outline the key initiatives country teams are currently implementing. Each country team is coordinating closely with national health ministries and/or local health clusters. These discussions have determined the interventions that have been implemented at the different country levels.

Impact:

COVID-19 infection rates and spread of the virus is reduced for vulnerable people in countries with limited health services.

Outcome 1:

Improved hygiene and social distancing practices by targeting vulnerable communities.

- **Output 1.1:** Awareness raising campaign implemented on the novel coronavirus, personal hygiene practises, and the need for social distancing.

Muslim Aid continues to utilise existing in-country IEC materials to promote frequent and appropriate hygiene practises through a community-based approach among vulnerable individuals, including refugees in camp settings. Message dissemination takes place primarily

using social media, print materials, and where possible and appropriate using electronic media.

- **Output 1.2:** Distribution of hygiene kits to individuals highly vulnerable to COVID-19 including the elderly, people with disabilities, people with pre-existing conditions.

As part of the intervention, MA teams identified vulnerable members of the community most at risk to the effects of COVID-19 and provided them with a hygiene kit consisting of materials necessary for protection from infection including soap, hand sanitiser, and thermometers.

Outcome 2:

Improved access to basic supplies and appropriate medical services to vulnerable communities in targeted countries including provision of unconditional cash grants (UCT).

- **Output 2.1:** Distribution of Personal Protective Equipment (PPE) to medical service providers.

Medical service providers including doctors and nurses are at the forefront of the pandemic response and are at high risk of infection. Once infected, these individuals may have to stay away from work, putting further pressure on the health service system. PPE including masks, hand sanitiser and disinfectant materials are provided to health service facilities with the highest need.

- **Output 2.2:** Development of referral systems and early detection through existing health programming.

Muslim Aid mobilises existing relationships with health service providers and health ministries to create referral systems to centres equipped to deal with COVID-19. Additionally, where feasible, PCR kits will be distributed, which will allow for early detection of suspected cases. These cases can then be directed towards self-isolation.

- **Output 2.3:** Unconditional Cash Transfers (UCT) to vulnerable members of the communities to counteract possible increases in prices for basics as a result of panic buying.

To counteract price hikes as a result of panic buying, we provide members of the community that are most susceptible to being infected by COVID-19 and those who are struggling to meet basic nutritional needs with cash transfers. Additionally, MA teams and volunteers work with local groceries and pharmacies to help provide basic supplies to individuals whose movements may be limited during spikes in the crisis. Furthermore, our teams will work with local suppliers to advocate limits on purchases per individual to counteract panic buying.

Beneficiary groups:

- IDPs
- Refugees
- Elderly
- People with disabilities
- People with pre-existing conditions
- Low-income families

Beneficiary numbers:

- 125,029

Countries:

- Somalia
- Myanmar
- Bangladesh
- Pakistan
- Syria
- Palestine
- Yemen
- Indonesia

COVID 19 implications for programme delivery

Restrictions to Programme Areas

- All travel to programme areas have been restricted to essential travel only.
- All non-mission critical travel will not be permitted, including head office staff field visits.
- All essential travel will need approval.

Delays in programme implementation and delivery

- Restricted access to project sites has caused delays in the implementation and monitoring of activities
- COVID-19 new restrictions and protocols, especially around large gatherings, has led to staggered distributions over additional days. In addition, awareness campaign activities are now conducted with smaller groups over a longer period.
- Muslim Aid has engaged with donors and relevant cluster systems on potential delays and impact on on-going projects
- Muslim Aid to seek non cost extension where relevant, for on-going projects impacted by current Covid-19 pandemic.
- Significant reduction in institutional funding landscape.

All programme designs/workplans to include COVID-19 adaptations

- New and ongoing project activities include COVID-19 adaptations to meet national health ministries and/or the local health cluster requirements. This includes PPE for project staff, hand sanitiser stations for beneficiaries and social distancing practices.
- Project risk assessments updated in line with Muslim Aid's COVID-19 mitigation plans.



FUNDRAISING HIGHLIGHTS



Muslim Aid is committed to ensuring we adhere to the Fundraising Regulator's Code of Fundraising Practice, data protection requirements and charity legislation in order to ensure that our fundraising activities are legally compliant, transparent, and reflect best practices. **We thank our generous supporters, who have made it possible to reach 7.2 Million beneficiaries this past year.**

Our fundraising model is rooted in community fundraising which includes:

- Individual donor giving
- Major donor giving
- Institutional giving
- Community fundraising
- 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, such as YOC and Click Dimensions. Marketing and campaign plans consisting of key income generating components such as direct mail, SMS, mail shots etc. are 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.

Formal, regular training is undertaken to ensure that Muslim Aid is represented in a way that reflects our values and mission (outsourced and in-house staff). Fundraising activities are monitored through supervision. All activity is planned, budgeted and monitored.

Code of Fundraising Practice:

In 2019 Muslim Aid performed an internal review of its compliance with the Fundraising Regulator's Code of Fundraising Practice to further strengthen our robust policies and procedures.

General Data Protection Regulation (GDPR):

Our fundraising department undergoes periodic training through a Data Privacy, Cyber Security and GDPR external agency.



Complaints handling:

We received a total of 16 complaints in 2019. 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, and 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.

Protection of vulnerable people:

Muslim Aid works to ensure that all vulnerable people are protected from abuse and neglect, and when a referral is received it may be necessary to take action to keep individuals safe from further actual harm or risk of harm. We abide by the Fundraising Regulator's Code of Fundraising Practice and ensure our staff and volunteers are fully aware about the protection of vulnerable people.

Community Fundraising

Our community fundraising engages with our target demographic to organise charitable activities to help build a relationship between our organisation those who donate and 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
- Helping to increase our volunteer network
- Building goodwill within the community

WHAT DID WE DO IN 2019?

We are incredibly grateful to our supporters across the UK who contributed to voluntary income (see Note 2). 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.

RAHMA - The Tour Of Mercy

Our 3 City 'Tour of Mercy' events are evidence of our continued efforts to work differently. We invited 10 different reciters from 10 different countries so that families and communities could listen to popular personalities live and in person.

All our activities have an assessment to ensure value-for-money so we maximise our spend in relation to a specified criterion which includes income generation, donor engagement, marketing and data acquisition.

Muslim Aid
Serving Humanity

RAHMA
THE TOUR OF MERCY

**11 INCREDIBLE QUR'AN RECITERS
FROM 11 COUNTRIES**

FATIH SEFERAGIC (USA)	HAZZA AL BALUSHI (OMAN)	MUZAMMIL HASBALLAH (INDONESIA)	JIBRIL WAHAB (FRANCE)
OSMAN BOSTANCI (TURKEY)	IMAM FEYSAL MUHAMMAD (SOMALIA)	YOUSSEF EDGHOUGH (MOROCCO)	ZAID SHANTI (PALESTINE)
ABDUL WAHAB (PAKISTAN)	SHEIKH SAAD NOMANI (SAUDI ARABIA)	AYYUB ASIF (UK)	

26 APR LONDON | 27 APR BIRMINGHAM | 28 APR MANCHESTER

BOOK NOW: [THETOUROFMERCY.CO.UK](http://thetourofmercy.co.uk)

SPONSORED BY: **QUR'AN CUBE** **eman CHANNEL** **QURAN WORLDWIDE** **ilmfeed.com**





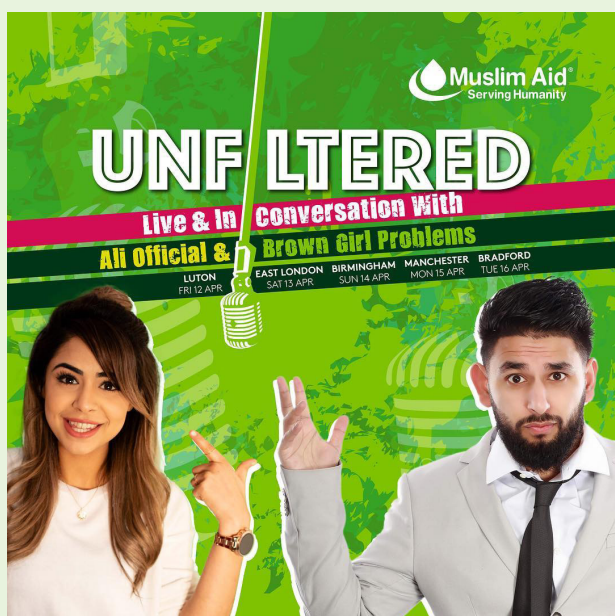


Ramadan 2019

The holy month of Ramadan is synonymous with abstaining from food but it is also a time that our donors are encouraged to give in charity. In 2019 we had a truly amazing Ramadan with more than 100 fundraising activities over a period of 30 days to support our life-changing work.

Muslim Aid was able to respond to this positive engagement by organising fundraising activities nationally so that we could reach our supporters across the UK. Most of our voluntary income was raised through mosque communities raising money on our behalf through events, collections, or partnerships. We were also delighted to have key social influencers such as Ali Official Productions support our work and encourage their social media presence to donate to our 'Feel Amazing' campaign.

We proactively comply with the Fundraising Regulator's voluntary regulation scheme, aligning all our fundraising policies and practices with the Fundraising Code of Conduct, which are in accordance with all related legislation.



UNFILTERED: A conversation about Mental Health & British Muslim Identity

At Muslim Aid we segment our donor base and try to provide tailored events that are of interest to particular demographics. Our Unfiltered: Live in Conversation 5 City Tour provided honest discussion, creative insight, and plenty of laughter to our 16–25-year-old audience.

For the first time ever our keynote speakers gave an all access insight into the untold world of social media, gripping discussions about struggling with mental health, tackling gender inequality, their transition to 'celebrity status' and their lives behind the camera. We were delighted to share this experience with an intimate audience of supporters, staff and key stakeholders.

2019 Targets:

- Create strategic partnerships with key stakeholders within the community who can help generate income to support our humanitarian projects in developing countries.
- Ensure we collate data in accordance with GDPR regulations, so the organisation is able to better understand our donor base.

Key achievements during the key MA Campaigns

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

- Finsbury Park Mosque
- Palmers Green Mosque MCEC
- East London Mosque
- Cheadle Mosque
- Al Suffa Institute
- Emaan Channel
- Islam Channel
- Channel S
- InspireFM
- Mufti Menk
- Ustadh Asim Khan
- BrownGirl Problems

Working with the above institutions, influencers and celebrities contributed to our fundraising costs. These costs periodically increase due to the competitive bidding between charities in the UK.

In 2019 our community fundraising team organised over 200+ activities in 365 days.

To put that into context, on average, we organised a fundraising activity approximately every 2 days. The diversity of our events allowed us to collate data to better understand our key demographic. This means that we can use our resources more effectively to create more tailored events going forward.

We respect the privacy of our donors and contributors. Consent to share information allows us to analyse shared data in order to build a better picture of what exciting and engaging fundraising looks like. We always remind everyone, however, that they are not obliged to share any information about themselves.

A big thank you to all our volunteers, donors, partners and supporters for continuing to support our fundraising efforts!



MAJOR GIFTS

Major gifts and philanthropy have become a significant area that is being managed by a dedicated member of staff to drive relationships and retention through existing and new acquisition of high net-worth supporters.



Our objective was enhanced to drive a 60% retention rate. **We achieved a retention rate of 78%.**

Our other objectives were to identify, engage and cultivate major donors and put together a strategy to network and represent Muslim Aid at high profile events.

Highlights

- HNW major donors' dinner with Mufti Menk in aid of Somalia maternity clinics in January. This was a great success, with 200 attendees on the night
- Major donor visit to Sri Lanka
- Iftar (breaking the Ramadan fast) at the Shard, London, with 100 attendees raising money to support the Yemen emergency
- Visit to Somalia for donors to see the impact of our work
- Major donor attended a tea party at Buckingham palace as a thank you from Muslim Aid
- A Surrey community dinner was arranged with a major donor for her community and 100 key guests supporting the Gaza water project



Mufti Menk

We are proud that this popular and high-profile influencer supported Muslim Aid with an evening of book signing to support our maternal health campaign in Somalia.

Mufti Menk is a key influencer from Zimbabwe and has been named as one of the 500 Most influential Muslims in the world. He has 2.3m followers on social media.



Major donor visit to Sri Lanka



Fazia Oulah is a major donor who has been supporting Muslim Aid through her business, community mosque and personal donations.

In March 2019 Muslim Aid took Fazia to Sri Lanka to meet our team and see their work first-hand. As a businesswoman she was very keen to see our women's empowerment projects and visited the handloom

centres in rural Sri Lanka. She was very impressed with the quality of the material and asked for samples to take to high street stores like Liberty.

We also showed Fazia the animal farming projects, salt reservoirs, fish farming projects, widow support and rainbow family beneficiaries.

The most touching highlight of the trip was the story of the young boy that is supported by our rainbow family programme. Ali is a 13-year-old orphan and was adopted by an elderly couple who had 2 daughters. Ali is a wonderful, studious young man who has a passion to learn. At school, he achieved the highest marks in the district and was offered a scholarship to a high achieving school in Colombo. A heart-warming story, as the elderly mother said that they would not have been able to educate him had it not been for Muslim Aid.

Shortly after our return from Sri Lanka, the Easter Sunday atrocities happened. Fazia responded to this by offering to help the riot affected businesses get back on their feet.



Fazia Oulah (supporter of Muslim Aid) visiting the handloom centres of Sri Lanka

COVID-19 Impact

All of our events in March to July 2020 were cancelled due to COVID19 which impacted income. As the uncertainty and lockdown peaked during Ramadan, people's attitude to giving was understandably cautious.

Engagement did pick up however, mainly via telephone and email and we are extremely grateful for the engagement during the lockdown period in general. We were particularly thankful for calls from donors who asked about Muslim Aid's well-being during these unprecedented times.



VOLUNTEERS

In 2019 we have
OVER 500
VOLUNTEERS
across 7 cities
in the UK



Volunteering is an integral part of our work at Muslim Aid.

There has been a clear focus in 2019 to review and update our policies and procedures to ensure that they are even more rigorous and compliant with statutory requirements and best practice. At the same time, we have continued to develop and diversify the volunteering opportunities we can offer, and reach new audiences. This is evidenced by our updated volunteer staff manual which provides effective guidance on collaborative opportunities and ensures volunteers have a good quality experience.

Collaboration includes, but is not limited to, describing the ways in which volunteers' ideas and support is shared across departments, whilst utilising any relative areas of expertise, and the extent to which one or more departments come together to deliver a shared objective more effectively than if done in silo. This in turn will lead to greater efficiencies, potentially increasing income and saving costs. All our activities are compliant with the standards for volunteering set out by the Charity Commission & Fundraising Regulator.

In 2018 our volunteer database comprised 150 registered volunteers, all based around greater London.

At Muslim Aid we refocused our efforts to expand our volunteer pool nationally so that we have a wider presence in key cities as we take the charity to its next stage of development. We conducted surveys to understand the motivation of our volunteers in selecting Muslim Aid. A key response was that they wanted to be involved in huge events, build long-term relationships and give back to the community in a faith-based environment, at a grass roots level. Our data indicated that a good experience at an event may contribute to creating a post-event volunteer retention.

Using this feedback, we successfully attracted additional volunteers during 2019, growing the number to over 500 across the following UK cities:

- London
- Birmingham
- Manchester
- Glasgow
- Cardiff
- Slough
- Luton

Events

In 2019 we organised over 200 fundraising activities which comprised seminars, dinners, university fairs, street collections and more.

Our volunteers received training and induction before every event to ensure that they complied with Muslim Aid's commitments to health and safety, safeguarding, and cash handling processes. We also held amazing 'huge-events' such as Finsbury Park/Al Manaar Street Iftars which had a combined attendance of 5,000 and the Light Upon Light Tour with an overall attendance of 10,000+.

In House Volunteering

Through relevant training and coaching our volunteers were able to answer and direct internal phone calls, provide support to our walk-in visitors and process donations under supervision. This provided our volunteers with valuable insight into the donor journey, to see and be a part of the workings of an international organisation and meet our friendly team. This is often a first step for our volunteers to experience a professional office-based environment with the added benefit of a culture of learning, support and guidance.

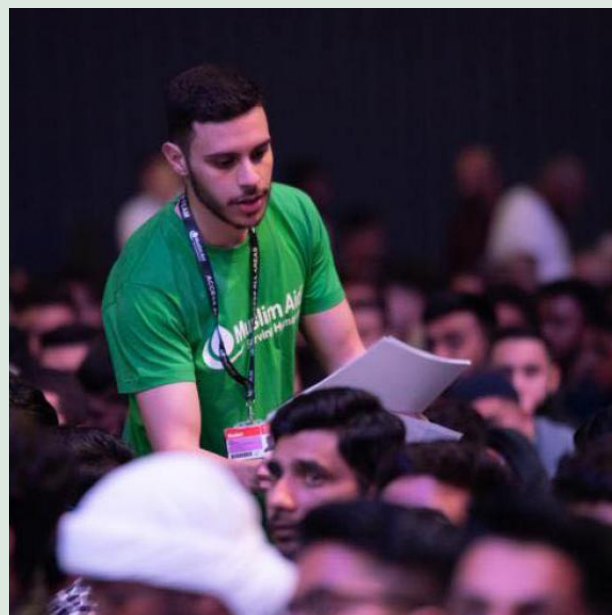
Uk Programmes

Muslim Aid was one of the first Muslim charities to help the elderly and homeless every winter. We started this support in 2011. Our volunteers are passionate about helping their local community, regardless of race or religion. With the support of local partners we organised soup kitchens, winter kits and raised awareness of homelessness during our Winter Appeal. This included our #Rucksack Challenge where we asked volunteers to actively support our campaign of keeping the most vulnerable warm by sourcing items on our checklist for those who needed it most.

Volunteer Fundraising

Fundraising volunteers are incredibly important to Muslim Aid as they are often raising funds for causes that are deeply close to their hearts. Over the past year volunteers have organised local events and built

valuable relationships with businesses in the form of sponsorships. This has often helped us through a dual process of educating our target community on the value of giving to Muslim Aid and providing volunteers with a glimpse of what a full-time career in fundraising would be like.





PRINCIPAL RISKS AND UNCERTAINTIES

Muslim Aid's commitment to its donors and beneficiaries remains as firm as ever, despite 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. However, the board acknowledges that it will take time for Muslim Aid to address the accumulated organisational failures of the past decade and move to the desired status of 'fit for purpose' 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 in order 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, in particular, those relating to the operations, income generation and finances of Muslim Aid.

Assurance Framework

Muslim Aid's revised assurance-based approach has seen the introduction of an outsourced Internal Audit function, delivered by an experienced provider. Adherence to our policies and procedures is overseen by Heads of Department, with ultimate oversight by the Leadership Team.

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

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 and Board of Trustees.

Risk	Management Actions
<p>Adverse Media coverage</p> <p>Adverse, unjustified press coverage and external scrutiny impacting reputation.</p>	<ul style="list-style-type: none"> • Refreshed Communications strategy and road map in place. • Enhancing ways of working to create legitimacy and credibility with stakeholders. • Raise profile of senior leadership team with stakeholders (transparency, openness).
<p>Business Model</p> <p>Insufficient funding generated and/or lack of right type of funds to run Muslim Aid.</p>	<ul style="list-style-type: none"> • Fundraising strategy and diversification of income streams being reviewed. • Fundraising initiative cost-benefit analysis and reporting to the Board being introduced. • Adoption of full cost recovery model.
<p>Culture and Behaviour</p> <p>Inconsistent application of organisational policy, procedures and protocols. Challenges in maintaining effectiveness and efficiency across the organisation.</p>	<ul style="list-style-type: none"> • Independent assurance undertaken that shows a positive direction of travel in the organisation. • Transformation and organisation changes deployed. • Centralised 2nd line of defence compliance regime over country offices for programmes
<p>GDPR</p> <p>Failure to comply with new Regulation. Data breach or security incident.</p>	<ul style="list-style-type: none"> • Reviewing Data protection policy and implementation. • Monitoring compliance and establishing a breach register and action plan, impact assessments, and audit the compliance to GDPR. • Refresher training to all staff
<p>Financial Health</p> <p>Low free funds deficit diluting ability to help beneficiaries stemming from a decade of overspending, poor business model and poor management.</p>	<ul style="list-style-type: none"> • Revising the Muslim Aid operating model and undertaking a transformation to reduce the cost base. • Strengthen and maintain established financial controls and monitoring.

PLANS FOR THE FUTURE

**Muslim Aid embarks on its new strategy in 2020.
Our strategic priorities are as follows:**



1. Our work will be inclusive and locally driven.

We will transform our approach, ensuring power is decentralised while allowing places and communities to be powerful platforms upon which people can participate and organise for change.



2. We will influence change

We will invest in driving change through communicating with people, policymakers and influencers, advancing the voices of people and communities we serve.



3. We are one Muslim Aid community

We will be a global community of equals, unified in their shared commitment to realising our vision. This will be supported by promoting a culture of collaboration and innovation through new processes, structures and technologies which strive for excellence.



4. We will strategically apply Islamic approaches in our programmes and processes.

We will use faith as a force for social good, promoting faith literacy and applying faith-derived insights to our work in a way that combines evidence and rigour with compassion.

1. Inclusive and locally driven action

The change we want to see

A decentralised power structure with local platforms for teams and communities to participate and lead in the design of solutions that affect them.

What we will do

- Reorganise MA structures to promote more autonomy and increase the capacity of country offices.
- Design community participation mechanisms which are accessible and reach out to all voices within the communities for programme design.
- Increase number and scale of local actions with strategic partnerships and alliances to achieve change;
- Build stronger communities and social cohesion by engaging faith and non-faith based actors for sustainable solutions.
- Diversify and increase local sources of funding and support to increase autonomy of local teams.
- Enhance & empower local teams with the right balance of skills, opportunities, and provision for better advocacy and resilient programming.

The results we want to see

- People and communities feeling they are active participants in the work we do, with ownership over our direction.
- Individuals and communities are more successfully securing their rights through accessing justice, resources and essential services
- Qualified country staff involved in system-wide decision making and leadership.
- Increased number of local, national and international partnerships and alliances connected to programmes and teams.
- Innovation funds and resource allocation to encourage new ways of working and funding methods.
- Empowered communities developed through sustainable and resilient programme design.

2. Influencing for change

The change we want to see

An effective and integrated set of functions for communications, campaigning and Influencing. Amplifying the voices of the communities we work with to the general public and policy makers, advocating for those in need.

What we will do

- Frame aid and development issues internally and externally, that are in line with our values and persuasive to audiences and stakeholders.

The results we want to see

- More policy makers and influencers are responding to our positions and sharing our work around poverty.

- Invest in policy development capacity and create structures to connect policy and communication with the voices and views of the people we work with.
- Build links with policymakers, public bodies and other stakeholders that increase our presence and reputation in civil society and public life nationally and internationally.
- Develop and deploy our institutional bargaining power and ability to access structures of power, especially in the UK.

- More people are giving to and working with Muslim Aid.
- More people we work with are active in challenging injustice and visible to our external audiences.
- Connected global campaigns and advocacy movements aligned to country programmes.
- Programme quality and advocacy resources based in country offices for effective global campaigns.

3. One Muslim Aid community

The change we want to see

A global community of equals, unified in their shared commitment to realising our vision, supported by processes, systems and technologies that enable a culture of innovation and excellence.

What we will do

- Ensure that the different parts of our organisation work together collaboratively, and ideas and solutions from the ground are encouraged and shared.
- Increase the engagement of staff in decision-making and ensure they have opportunities for learning, development and knowledge sharing for greater impact.
- Increase MA attractiveness to current and potential staff and partners through staff-led initiatives to improve talent management and the wider MA experience.
- Deepen links and mutual understanding with partners to create more effective coalitions and commit time to identifying potential coalitions.
- Knowledge management strategy including platforms and tools to share ideas, solutions and best practice across countries and programmes.
- Increase resources to evidence-based monitoring and evaluation to ensure our programmes deliver.

The results we want to see

- New global governance framework based on decentralised decision making.
- A shift toward working with and through partners and coalitions.
- Shared understanding of Muslim Aid identity and role in tackling poverty.
- Knowledge management strategy including platforms and tools to share ideas, solutions and best practice across countries and programmes.
- Higher levels of quality staff recruitment and retention.
- Researched based theories of change built on our Islamic principles and values.
- Innovative and Collaborative culture where experimentation and sharing are rewarded.
- Standard operating procedures contextualised to countries to deliver excellence in everything we do.

4. Faith based programming, processes & tools

The change we want to see

The understanding, development and application of Islamic principles and concepts in programmes, processes and tools based on evidence and best practice.

What we will do

- Deepen and share our understanding of Islamic custodianship and other core values within and beyond Muslim communities, being part of both theoretical and practical discussions on faith based social action.
- Explore and advance the role of Islamic principles of redistributive giving such as Zakat, sadaqah and waqf in pioneering strategies to eliminate poverty and injustice.
- Identify and expand strategic partnerships and alliances with those that share our faith values to create positive change and strengthen civil society.

The results we want to see

- Programmes which use Islamic principles of redistributive giving to find new and effective ways of tackling poverty and injustice.
- We are identified as experts in effective faith-sensitive programmes and are the partner of choice in the areas we work.
- Greater understanding of Islamic solutions e.g. Zakat, sadaqah, waqf, in eliminating poverty within faith based and secular actors, stakeholders and public.
- Increased social and interfaith cohesion in the communities where Muslim Aid is active.
- Our policy and campaign development apply faith based programming principles to shape our response on the Sustainable Development Goals and other major strategic challenges.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Muslim Aid, in its previous incarnation henceforth referred to as 'MA 1985' was established in 1985, and registered on 28 October 1986. It was governed by a declaration of trust dated 30 November 1985 as amended by supplementary resolutions dated 11 December 1994, 23 January 1995, 14 February 1995, 7 May 1995, 5 January 1997 and amended by scheme dated 18 April 2013 and resolutions dated 16 October 2016.

The charity was incorporated into a new Charitable Incorporated Organisation ('the new CIO'). Assets and liabilities belonging to the charity were transferred to the new CIO (effective from 31 January 2018) and the charity formerly known as Muslim Aid was renamed MA 1985. The charity ceased to operate and was removed from the Register of Charities ('the Register') on 1 February 2018. Since its registration, the new CIO has been known as Muslim Aid (1176462). A new trustee board took office from 1 February 2018.



Muslim Aid's Governance History

MA 1985 had been subject to a Charity Commission regulatory compliance case since 2010; the details are available at <https://www.gov.uk/government/publications/charity-inquiry-ma-1985/ma-1985>

This led to the appointment of an Interim Manager and then a new Board of Trustees taking office in February 2018.

Interim Manager (17th October 2016 to 1st February 2018)

On 23 January 2015 the Charity Commission issued an order, under section 84 of the Act, directing the trustees of MA 1985 to implement a number of actions aimed at improving governance and financial management within certain timescales and report to the Commission on progress as specified below.

The subsequent inquiry found that there were deficiencies against most actions, meaning the charity had not reached the required standard and had not complied with the order.

The Charity Commission inquiry used the power in section 76(3)(g) of the Act to appoint an interim manager, to the exclusion of the trustees of MA 1985. The order to appoint Michael King of Stone King LLP as the interim manager (the IM) was made on 17 October 2016.

The scope of the IM's appointment included taking control of the management and administration of the charity to the exclusion of trustees, reviewing its financial controls and conducting a thorough governance and infrastructure review.

As part of his appointment, the IM, with the support of the then newly appointed CEO, completed a full governance and infrastructure review of the charity and its activities. His initial findings corroborated the Commission's regulatory concerns which had "identified poor overall leadership, management and weak financial controls over its international operations". The IM's investigations found "systemic failings in MA 1985's governance, leadership and management structures and personnel, including financial controls, monitoring of project outcomes and expenditure, dysfunctional relationships with country offices, staff distrust of the management structure, conflicts among the trustees".

Remedial actions were taken to regularise the charity's governance to ensure it was fit for purpose. This encompassed the following:

- Incorporation of the charity into a new CIO, which

was successfully registered by the Commission on 29 December 2017

- **Transfer of all assets and liabilities to the new CIO**
- **Recruiting a new trustee board which took office from 31 January 2018**
- **Setting up a new leadership structure and team**
- **Conducting a comprehensive review of the charity's international operations, identifying significant management issues regarding the legal responsibility and relationship between the charity and field offices, particularly those involving intellectual property rights.**

The Interim Manager assumed full responsibility as the sole trustee and began the process of appointing a new Board of Trustees. Together with the CEO, the IM sought the views of a variety of people from the Muslim community and also from international relief organisations ranging from Islamic Relief Worldwide to CAFOD and from the Disasters Emergency Committee to Oxfam. A Review Committee was established to advise on the process, comprising entirely those from a Muslim background and chaired by a prominent CEO. A new constitution was established based on the CIO (Charitable Incorporated Organisation) model as advised by the Charity Commission. Following an open recruitment process (in which 68 people applied) a shortlist of 12 candidates was created and finally 7 people, including 6 Muslims and 1 Catholic, 5 of them male and 2 females were appointed. All confirmed that they would abide by the ethos and vision statement. The inquiry met with the incoming trustees, the new Senior Leadership Team (the SLT) and the IM on 5 October 2017 and conducted further records inspections at the charity premises over two days in order to test the progress made in strengthening their governance management since January 2015. The records inspections included the examination of charity policies, handbooks, manuals, guidance, as well as ten project files detailing overseas grants to the charity's offices and external partners.

The inquiry noted the significant progress made in strengthening the executive team. It also found that the new executive team had been able to implement several improvements in their relatively short tenure,

however several inherited weaknesses remained in the charity's administration. It was accepted by the new incoming trustees and the new executive team that further improvements were required in a few key areas which included reviews of charity policies and guidance, safeguarding, HR, financial controls and governance of field offices.

The inquiry considered submissions and further evidence from the charity following inspection visits and accepted the incoming trustees undertaking to have oversight and responsibility for implementation of a new section 15 Action Plan.

On the 1 February 2018, the inquiry received formal notification from the IM that the Charity's affairs had been concluded and it had been wound up. The Commission considered the IM's submission of a dissolution application following which the charity, MA 1985, was removed from the Register on 1 February 2018 because it had ceased to operate.

The IM was discharged on 5 February 2018 by virtue of section 337(6) of the Act.

New Board of Trustees from 1st February 2018

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

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

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

The Trustees are elected and operate in accordance with the Governing Document of the Charity (CIO) approved on 29 December 2017. Transfer of the CIO to the new trustees was completed on 26 January 2018.

The Board of Trustees was made up of 7 trustees with new Trustees being recruited through an open process by the Board, in line with the constitution. Two new Trustees have been appointed in October 2019.

All new Trustees are provided with a Muslim Aid Induction pack including the governing document (CIO) and audited accounts to assist them in their role. Induction meetings are arranged to give the new Trustees information regarding the roles and responsibilities of the Board and its associated committees and also to supply details of any current issues facing the Charity.

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

Charity Commission Action Plan

The new Board of Trustees took on the Charity Commission's Action Plan which required a set of recommendations to be completed by April 2020. Implementation of the actions in the plan has been prioritised by the Trustees and progress has been made in all areas of the plan.

The Charity Commission met with the charity to review progress in February 2020. Despite the progress made, on 29 September 2020 (just prior to the approval of this report and financial statements) the Commission wrote to the Trustees stating that they had opened a further Statutory Inquiry. The Trustees have since informed the Commission of their intention to appeal against this decision.

New Charity Governance Code

Muslim Aid is committed to adopting The Charity Governance Code (published in 2017) which sets out the principles and recommended practice for good governance within the sector. The charity is reviewing its current governance arrangements against the principles within the code and will address any issues raised on a proactive and ongoing basis.

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 trustees report and on www.muslimaid.org

Organisational Structure

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

International Structure

From its origins in the UK, Muslim Aid has established operations in several countries across the globe. Today it conducts its operations in different countries across the world 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
- 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 branch offices in Bangladesh, Bosnia, Cambodia, Gaza, Jordan, Lebanon, Myanmar, Pakistan, Sri Lanka, Somalia, Sudan plus affiliated Muslim Aid entities in the USA and Sweden who contribute to the MA Global Family priorities.

Muslim Aid will be reviewing and implementing its international structure for the global Muslim Aid network going forward.

Trustees' responsibilities

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

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

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity, its income and application of resources of the Charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;

- 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.

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

Staff, volunteers and friends remain steadfast in their

resolve to work for the service of humanity.

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 investments.

Nominations Committee

The Nominations Committee has been established in line with the constitution. Its primary function is to make key decisions around the recruitment, selection and appointment of new Board members.

Trustees are appointed in accordance with the rules set out in the governing document (CIO). The Trustees have established a committee called the Nominations Committee, which is responsible for the renewals of and the appointment of new trustees.

The Nominations Committee shall develop and maintain a skills matrix to identify and recruit trustees and in selecting individuals for appointment as charity trustees, shall give regard to the benefits of diversity among the trustees and the skills, knowledge and experience needed for the effective administration of the CIO.

Programme Committee

This sub-committee comprises 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 MA strategic programme priorities are being adhered to.

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.

DIVERSITY AND INCLUSION

Muslim Aid is committed to promoting equal opportunities in employment. Job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (Protected Characteristics).

Our Dignity at Work and related policies set out our approach to equal opportunities and the avoidance of discrimination at work. It applies to all aspects of employment with us, including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

This policy covers all employees, officers, consultants, contractors, volunteers, interns, casual workers and agency workers.

1. During 2019 we undertook the following to protect employees from harassment and abuse:

- Staff workshops held on Dignity at Work, Code of Conduct and Grievances
- Safeguarding workshops by the Legal and Compliance team
- Managers' 1-2-1 session with HR;
- Online training Management training tool

accessible to all staff

- Management Training.

2. The vetting and screening in place before engaging employees involves:

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

3. The measures in place to allow MA to use employee 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

- In 2019, Muslim Aid introduced a dedicated Safeguarding Policy which replaced the Child and Vulnerable Adults Policy. The Safeguarding Policy was approved by the SLT in April 2019. The policy was subsequently communicated and shared with all staff across UK headquarters and Country Offices in April 2019 and on a periodic basis advising staff and connected personnel on safeguarding focal contacts (focal point), reporting tools and contact details etc.
- Muslim Aid contracted Safecall as its external provider in 2019 and renewed its contract in 2020, 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 was delivered over the course of 2019 via workshops to all staff at UK headquarters and Country Offices to ensure safeguarding training periodically undertaken.

Pension

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

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 72 to 75 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 2019, we raised a total of £30.5m – a increase of 24% from £24.5m last year.

Our total income includes Gifts in Kind of £4.2m (2018: £3.5m), therefore total income excluding Gifts in Kind is £26.3m (2018: £21m).

Over this year, we spent a total of £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 £28.1m. Part of the increase is due to our spend on raising funds, on which we spent £5.0m – a increase of 2%.

Our net expenditure was £2.6m for the year (2018: surplus £1.1m) which was funded by our reserves.

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 £13.7m via donated income from our generous UK donors (2018: £12.8m). Our Country Offices raised a total of £2.1m from the respective donors in their countries (2018: £2.3m).

Events and Challenges are part of our fundraising expenditure of £5m in the year, compared to £4.9 in 2018.

Income received from Gift Aid claims was £2.1m for the year (2018: £1.5m).

Gifts in Kind comprised of medical and food items were £4.2m in 2019 (2018: £3.5m).

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 £8.4m in institutional funding during the year (2018: £4.3m). Our institutional funders during 2019 include Department for International Development (DFID). Refer to Note 3 Charitable activities.

Our Expenditure

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

Charitable activities

We spent £28.1m as mentioned above. 60% (£17m) of our work centred on our strategic focus of humanitarian/emergency response, Education 14% (£4.0m), Healthcare 15% (£4.0m) and Livelihoods 11% (£3.1m).

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 £5.7m of our total donations as Zakat funds and we have expended £3.2m in the year on the projects stated in the achievements and performance section.

Muslim Aid understands from scholarly views that whilst there is no set amount specified for the amileen aalahia (collectors of zakat), Muslim Aid's practice is not to take more than 12.5% (one-eighth) of the Zakat to cover our support costs. This is to protect the entitlements of other Zakat recipients.

Fundraising

We spent £5.0m to generate £13.6m in the UK, a return of £8.6m for the funds spent on fundraising. We invested 32% of the funds and generated a return of 62%. The return of £8.6m yielded 11% of unrestricted funds and 89% of restricted funds due to the fundraising methods developed.

In addition to fundraising, we also carried out a range of activities aimed at increasing knowledge and awareness of Muslim Aid's work.

Our target Fundraising Return on Investment (ROI) is 1.7 (2018: 1.3) which is calculated by dividing the voluntary income and any fundraising trading income by Fundraising costs.

Reducing our fundraising and operational cost base

In early 2020; we reviewed our business model and have deemed the return on investment and cost base to be inefficient. We are strengthening our commitment to putting the beneficiaries at the heart of everything we do. Therefore, to ensure we review the costs of delivery from the spend on fundraising, indirect support costs and country level costs, the Board has decided that previous costs for fundraising in relation to its return, and other costs, were at an unacceptable level. We have in 2020 halved the workforce in the UK and are considering further measures.

We are continuing to review each of our activities, income and cost streams. For example, we have identified that our child and family sponsorship programmes generate insufficient income to cover the costs of the operation and are therefore subsidised by our general fundraising income.

In 2020, we have changed our operating model from mainly operating through Country Offices in each location to working through partner organisations and maintaining a presence in selected countries. All charities incur costs for a presence in-country, whether that is working through a partner or its own country office, and how costs are disclosed varies. Some charities state the cost as part of the overall delivery, however at

Overview

In 2019, we
raised a total of
30.5m

13.7m
via our donated
income from
our generous UK
donors

Charitable activities

We spent
£28.1m
in support of
our charitable
activities

17m
Humanitarian/
Emergency
Response

4.0m
Education

4.0m
Healthcare

3.1m
Livelihoods

Fundraising

We spent
£5.0m
to generate
£13.7m
in the UK

A return of
£8.7m
for funds spent
on fundraising

Impact

We invested
£1.2m
in our effective
charity
management
approach

Muslim Aid we aim to be transparent on the true cost of delivery and demonstrate efficiency in our use of the resources entrusted.

We are aiming to achieve value-for-money, streamlining our work and resources to ensure every donation is as transformative as possible for our beneficiaries.

Business Model Review

We have reviewed the best practice in the sector and recommendations from the sector including research such as Thinking about ... Core funding (Institute for Voluntary Action), Full Cost Recovery (acevo) and Cost Recovery (CASS Centre for Charity Effectiveness).

All organisations, whether charities or commercial, need to cover their costs without exception of receiving, processing income (donations) and managing service delivery as well as feedback and fundraising.

During our review we ascertained that there were unrealistic expectations in the faith-based charity sector that salaries, cost of fundraising and operational costs would be covered from general funds whilst other donations would 'remain untouched'. This did not align to our business model as firstly we owe the donors that donate general funds an obligation to ensure that their funds are allocated and benefit beneficiaries in humanitarian areas that do not receive the media coverage (such as Yemen and Rohingyas in 2019).

All charities have frontline costs, these are the direct costs of delivering the aid and/or humanitarian/development projects. These costs include staff costs and travel or the cost of the implementing partners or the charities' own country presence.

The other associated costs are direct support costs that are linked to the delivery of the aid and/or humanitarian/development projects, these include the rent/building costs of country offices, associated regulation requirements, training and raising the funds for those projects.

The third element associated is the indirect cost, which includes back-office functions such as IT, human resources, finance and CEO, governance costs.

These costs are essential as without internal or external oversight, auditing, quality checks or assessments there would be no accountability of our work to our stakeholders. Our costs are essential to give our stakeholders the assurance and peace of mind to know that their donations are in safe hands.

In early 2020, we reviewed our costs and have taken steps to reduce the workforce in the UK by 50% and reduce the costly presence in each country. Consequently, we are reducing our country offices to 5, and will work through affiliated implementing partners in other countries. We are further reviewing the cost recovery in the delivery of grant/institutional funded projects.

During our review, we ascertained that in 2018 and prior years under the Interim Manager the financial statements presented did not portray the correct reality of Muslim Aid's business model in that all the indirect costs had been allocated to unrestricted funds. This approach has been amended for 2019 and a prior year adjustment has been made to correct the position for 2018.

Following this review, the Trustees are confident that the restatement of costs between restricted and unrestricted better reflects the true costs incurred delivering the charity's humanitarian and development work in 2018 and 2019 while accepting (as outlined above) that a more fundamental review of the model and its costs is a priority for 2020 onwards. The trustees are confident that the accounting basis applied to the 2018 and 2019 costs is in no way inconsistent with statements made in fundraising appeal literature in those years. It is also consistent with the practice adopted by the majority of other humanitarian and international development charities.

Support Costs

Support costs or admin costs are vital for effective charity management to ensure that our beneficiaries receive humanitarian and development programmes achieving long term benefits.

Muslim Aid aims to have programme delivery that

empowers communities and beneficiaries. This is achieved by frontloading resources into programmes which will enhance infrastructure, systems, culture, and behaviour.

Muslim Aid, by investing in our people and infrastructure (this includes staff, systems and core back office functions, Finance, HR, IT, procurement 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.

For all our programmatic activities we undertake 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 £1.2m (4% of total income) 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?**
7.2 Million
- **What sort of impact do we have?**
(Please see Achievements and Performance section)
- **How much do we spend doing that?**
£33.1m

RESERVES

Reserves Background

Muslim Aid's Audited Trustees Annual Report and Financial Statements for the financial year ended 31st December 2015, signed by the Interim Manager and Moore Stephens on 14th June 2017 report 'Total Unrestricted Reserves of £6,556,016'.

On 20th December 2018, the Trustees Annual Report and Financial Statements for the financial year ended 31st December 2016 was presented by auditors Crowe U.K. and illustrated a depletion of unrestricted reserves as follows:

Date of signing financial statements	Financial Year	Unrestricted Reserve
14th June 2017	2015	£6,556,016
20th Dec 2018	2015	£2,870,151 (Restatement by Crowe)

The details of the Crowe restatement to unrestricted reserves balance for the period 31st December 2015 were:

Opening Unrestricted Fund Balance	£6,556,016
Crowe adjustment: restricted projects	(£2,530,805)
Crowe adjustment: gift aid reclassification	(£1,155,080)
Restated Unrestricted Fund	£2,870,131
Year ended 31st December 2016 unrestricted deficit	(£193,035)
Year ended 31st December 2017 unrestricted deficit	(£1,579,483)
Year ended 31st December 2018 unrestricted deficit	(£2,304,433)

Muslim Aid's administrator and management continued to overspend the unrestricted funds (due to poor financial control and cost recovery on fundraising activities and funding overseas operations) throughout the financial years 2016 to 2018. The financial results for 2017 were finalised on 20th December 2018 (2 years late), and as a result there was no visibility of the impact of audit adjustments. This resulted in the charity working to its internal funds position records that at the time were illustrating surplus on unrestricted funds balances.

Financial Recovery

The Board, having visibility of the historical deficit that was inherited from the previous administration, have now put in place a financial recovery plan.

1. Ensuring the financial governance framework is adhered to across the organisation.
2. The Charity undertook a detailed budgeting and forecasting exercise where the cost base of UK and global offices was challenged.
3. There has been an alignment to ensure the fundraising ask to programmatic delivery is proportionate.
4. A full cost recovery/cost allocation approach has been adopted; categorised as

a. Direct costs - this includes staff costs and travel or the cost of the implementing partners or the charity's own country presence.

b. Other associated costs - direct support costs that are linked to the delivery of the aid and/or humanitarian/development projects, this includes the rent/building costs of country offices, associated regulation requirements, training and raising the funds for those projects.

c. The third element associated is the indirect costs - this includes costs of the back-office functions such as IT, human resources, finance and CEO, governance costs.

These costs are essential as without internal or external oversight, auditing, quality checks or assessments there would be no accountability of our work to our stakeholders. Our costs are essential to give our stakeholders the assurance and peace of mind to know that their donations are in safe hands.

5. As a result of COVID-19 planning response, Muslim Aid has deployed short term planning and review - stopping or delaying certain projects, spends and activities. A weekly mechanism is in place to review and report to the Board.
6. The Finance function has set up the mechanism for monitoring, challenge and control of upcoming costs to protect cash flow, constructive and legal obligations.

Reserves Policy

Definitions

The term "Reserves" is used to describe that 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 are defined as unrestricted funds that are freely available to spend for any of Muslim Aid's charitable purposes. This excludes restricted income funds, tangible fixed assets and any investment funds.

Reserves should be held to service an unexpected need for funds for charitable purposes, cover unforeseen day-to-day operational costs, a shortfall in income or to fulfil 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. They are intended to mitigate uncertainty relating to our cash flow and to ensure that there are sufficient reserves to cover any shortfalls against income. The reserves policy is only acted on when cash flow permits.

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.

Insufficient Reserves

The high risk of negative/zero reserves is recognised, as such Muslim Aid is committed to:

- Rectify and report on the actions of addressing the historical deficit quarterly to the Finance and Audit Committee
- Progress on the actions to raise and diversify funding and mitigate risk of sudden closure.

Free Reserves

Muslim Aid's free reserves are negative due to the historical legacy issues being rectified. Unrestricted reserves as at 31st December 2019 are £1,541,679, excluding £2,176,313 fixed assets equating to negative free reserves of £634,634. Prior year Unrestricted reserves (£2,304,434) excluding fixed assets of £2,317,291 equated to negative free reserves of £4,441,725.

Muslim Aid's focus is on cashflow for financial sustainability, whilst over the long-term rebuilding free reserves to the target level of £1.5M. Muslim Aid's future activities are managed in accordance with cash-flow and available cost recovery.

Thereby, 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**, (2018: **£13.4m**). The decrease in funds is represented by a net deficit in the year of **£4.3m** on restricted funds and net surplus of **£1.5m** on unrestricted funds.

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 by a country or grant-by-grant basis. The criteria include the expertise and geographical reach of the implementing partner and a 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.

COVID-19 IMPACT



Impact on future aims and activities

Muslim Aid has been serving the most vulnerable around the world for over 35 years and has witnessed a number of destructive global phenomena. Despite this experience, the COVID-19 pandemic has proven to be the most critical in both its depth and breadth of impact on both the operations and programmes of Muslim Aid, and ultimately the beneficiaries.

COVID-19 cannot be blamed for the number of challenges both Muslim Aid and the sector in general were facing, but it has exasperated those challenges manyfold at a time when the charity has been restructuring itself internally in an increasingly unstable sector.

The Muslim Aid global strategy for 2020-2025 and related activities have been impacted in the following direct ways.

Income

The impact of the pandemic on the Muslim charity sector has been limited to date, since the majority of Muslim charities collect Zakat (annual, obligatory religious dues) during the month of Ramadan. The COVID-19 pandemic caused most charities to abandon their usual fundraising activities but Muslims calculate and give their Zakat based on the previous 12 months.

Thus, regardless of restricted offline fundraising activity, this income had to be donated and some Muslim charities even saw their income increase as a result. The next 12 months are likely to see a direct impact on general fundraising activities for the following reasons;

1. The majority of Muslim Aid's income is generated from general fundraising activities aimed at the minority Muslim communities. These are likely to see a significant drop in income over the coming months as they form a disproportionate ratio of those impacted by the virus.
2. Muslim Aid generates income from sponsored events, mosque partners, celebrity tours and other outdoor events. As the commencement and attendance

at these events are unlikely to recover to their pre COVID levels for some time, if at all, our campaigns calendar for the 2020-2021 season remains incomplete even though we are halfway through the calendar year.

3. We have been unable to utilise existing or negotiate future agreements with our suppliers and contractors due to the drop and uncertainty in income. An example was billboard and outdoor advertising we had paid in advance for Ramadan 2020 which was cancelled. Similarly, we are unable to commit to our media partners for the upcoming campaigns.
4. The lack of diversity of income streams is likely to be further exposed during the next 12 months as our volunteer income streams regenerate. The anticipated drop in funding means we are unlikely to invest in other income streams to remove this risk as planned, such as CSR, institutional and grant funding.
5. Apart from the furlough job retention scheme, the charity has not been able to apply for and benefit from government and institutional loans due them being interest based on non-shariah compliant. Like most Muslim charities registered in the UK, our constitutions prohibit us from taking interest-based loans and thus we are unable to rely on similar support in the future to cushion our transformation agenda.
6. Income from our high net worth (HNW) donors is expected to fall as the majority of them are small to medium sized businesses that have been impacted heavily by the lockdown and closure of shops. This further impacts negatively on our strategic priority to diversify our income streams.

Transformation Agenda

7. Muslim Aid is at a critical juncture in its history with a number of historical regulatory and financial issues accelerating its transformation plans in March 2020. The organisation in 2020 has continued with the restructuring, with a consultation and redundancy

process completed remotely, impacting almost half of its UK staff. The longer-term implications are still unknown but the mental wellbeing of both leaving and sitting staff has been affected. The lockdown also witnessed the departure of the Senior Leadership team, including the CEO and the on-boarding of an interim CEO who has had little time to acclimatise to the environment and culture before initiating the transformation.

8. Muslim Aid's planned country transition program to reduce its administration and liabilities has been severely impacted by the pandemic. Communications with both our own staff and relevant government offices has been problematic, especially in fragile states where internet services are suboptimal. This means that it will take us longer to close or transition our country offices and thus our financial recovery will take longer.
9. The impact on staff both in the UK and in country during redundancy is difficult in any circumstance. Letting go of staff in this environment who have little/no chance of finding employment in a sector hit disproportionately by both the pandemic and government policy cannot be understated.
10. Our country programmes have already been severely impacted by the lack of advance funding during Covid. The drop in income levels and challenging road to financial recovery is likely to extend this reduction in programmes and ultimately impact on the beneficiaries.
11. The new strategy has also meant an increased investment in monitoring, evaluation and governance of how we work and what we do. This delayed or lack of investment will adversely impact both our programme quality and delivery over the coming months, which will indirectly impact our chances to increase our institutional funding from major donors.

Trustees' assessment of Going Concern

Since 31st December 2019 Muslim Aid has undertaken a critical assessment of its business model and assessed the business model for the future; whilst reviewing its cash, reserves and key financial risks.

Muslim Aid has historically created a dependency on fundraising income as its major source of income, to not only fund all its operations but also subsidise its delivery of institutional funding programmes by insufficient recovery of associated costs of delivery of those programmes.

Key steps undertaken by Muslim Aid to ensure its position of going concern, in addition to the actions stated in the Financial Recovery section above:

- 1. It has significantly reduced its cost base in the UK and globally and continues steps to reduce this further over 2020-2021 whilst ensuring the impact of programmes is not affected.**
- 2. Diversification of income plans have been enacted to reduce the dependency on UK fundraising.**

Muslim Aid continues its transformation to strengthen its financial resilience whilst enhancing its operations, culture and behaviour across fundraising, programmes, governance, financial management, human resources and compliance.

The financial recovery plan commenced in January 2020. This will enable the Charity to manage operational and financial risks successfully and allow us to meet our strategic and operational goals over the next 12 months and the medium term.

The following assumptions are made in the financial projections:

- The charity will be able to raise the voluntary income from donors and supporters which it has projected as there are an increasing number of supporters who are committed to continue supporting the charity. This was demonstrated during the 2019 Ramadan Appeal.

- Continuous income growth from grant income during 2020 further reinstates Muslim Aid's ability to attract funding for its activities.
- The organisation will ensure appropriate cost recovery and return on investment from its fundraising and other income generation activities.

Despite the financial recovery plan and the associated financial and cash flow forecasts, the Trustees recognise the level of uncertainty in the post COVID-19 operating environment, and in particular to those relating to the level of fundraising income and with respect to the timing and size of receipts from institutional funders. Muslim Aid are proactively addressing the negative unrestricted funds (that resulted in prior year audit adjustments) and will continue to ensure that its cashflow allows it to meet its commitments.. These uncertainties do not cast a doubt on Muslim Aid's ability to continue as a going concern as it is maintaining a positive cashflow.

As mentioned above, since the year end the charity has developed a financial restructuring plan with the aim of achieving a sustainable long term financial position. It is the view of the trustees that the successful implementation of that plan, supported by robust cash flow, will secure the financial viability of the charity and supports the trustees' assessment that the charity is a going concern for reporting purposes.

Material uncertainty

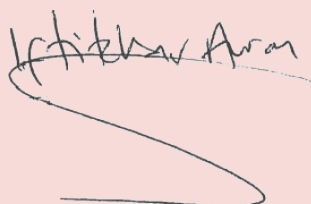
As disclosed above and in Note 18, on 29 September (just prior to approving this report and financial statements) the Charity Commission notified the trustees that they have opened a further statutory inquiry into the charity. The grounds for this inquiry are that the charity has not, in the view of the Charity Commission, fully implemented the action plan agreed with the Commission. The trustees have decided to appeal against this decision. The trustees recognise that the action taken by the Charity Commission, if not overturned on appeal, introduces a material uncertainty as to the going concern basis of the charity, not in terms of its financial viability but in terms of meeting certain demands from the Charity Commission – which the

Trustees believe the Commission will be satisfied with once they have examined what Muslim Aid has achieved in the last 10 months.

Muslim Aid will continue to generate income in order to continue its service to beneficiaries. To address its financing requirements, Muslim Aid will seek financing through waqf (Islamic endowment), Qardh Hasana (interest-free loans) and other sources of commercially earned income.

The Trustees are of the view that it is appropriate to prepare the accounts on a going concern basis. The financial statements do not include the adjustments that would result if Muslim Aid was unable to continue as a going concern.

The Board of Trustees has the responsibility to sign the Report and Accounts for the year ended 31 December 2019. The accounts were approved on the 30 October 2020.

A handwritten signature in black ink, appearing to read 'Iftikhar Awan', with a long, sweeping horizontal line underneath it.

Iftikhar Ahmed Awan

Chair

30th October 2020

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 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2019 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.

Material uncertainty related to going concern

We draw attention to note 1c in the financial statements, which refers to the Charity Commission opening a further statutory inquiry into the charity. As stated in note 1c, these events indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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 145 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

A handwritten signature in black ink that reads "Sayer Vincent LLP". The signature is written in a cursive, flowing style.

Sayer Vincent LLP

Statutory Auditor
30th October 2020

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 2019

	Note	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Restated Total 2018 £
Income					
Donations	2	3,675,629	18,413,389	22,089,018	20,109,335
Charitable Activities	3	72,271	8,381,984	8,454,255	4,728,754
Investment Income	4	23,497	-	23,497	30,438
TOTAL INCOME		3,771,397	26,795,373	30,566,770	24,501,362
Expenditure					
Raising Funds	5	587,194	4,413,861	5,001,055	4,959,877
Charitable Activities	5	1,631,720	26,506,047	28,137,767	18,410,862
TOTAL EXPENDITURE		2,218,914	30,919,908	33,138,822	23,370,739
Net income/(expenditure) before foreign exchange		1,552,483	(4,124,535)	(2,572,052)	1,130,623
Exchange surplus/(loss)		-	(221,252)	(221,252)	(444,203)
Net movement in funds		1,552,483	(4,345,787)	(2,793,304)	686,420
Reconciliation of funds					
Funds as 31 December as previously stated		(2,304,433)	15,736,599	13,432,166	12,745,746
Prior Year Adjustment	21	2,293,629	(2,293,629)	-	-
Total funds as restated 1 January 2019		(10,804)	13,442,970	13,432,166	12,745,746
Total funds at 31 December 2019		1,541,679	9,097,183	10,638,862	13,432,166

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

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

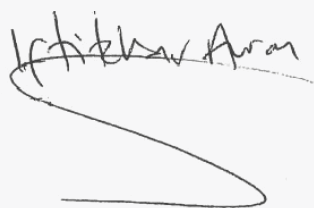
The notes on pages 72 to 86 form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2019

	Note	Total 2019 £	Restated Total 2018 £
Fixed Assets			
Intangible Assets	9	63,252	92,749
Tangible Assets	10	2,113,061	2,044,542
		2,176,313	2,137,291
Current Assets			
Inventories		339,382	1,483,181
Debtors	11	6,967,524	9,248,692
Cash held for Investments		2,292,328	1,561,319
Cash at bank and in hand		6,060,163	4,402,880
		15,659,397	16,696,072
Creditors: amounts falling due within one year		5,609,041	4,787,557
Net Current Assets		8,648,535	11,558,515
Provisions	13	1,587,807	613,640
		10,638,862	13,432,166
The Total Funds of the Charity			
	14		
Unrestricted Income Funds			
General Fund		1,541,679	(10,804)
Restricted Income Funds		9,097,183	13,442,970
		10,638,862	13,432,166

The financial statements were approved by the Trustees on 30th October 2020 and signed on its behalf by:



Iftikhar Ahmed Awan
Chair

The notes on pages 71 to 86 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Total 2019 £	Total 2018 £
Cash flows from operating activities:		
Net movement in funds (as per the Statement of Financial Activities)	(2,793,304)	686,420
Depreciation charges	242,667	233,958
Loss on disposal of tangible fixed assets	34,547	6,647
Currency revaluation of tangible fixed assets	56,789	48,914
(Increase)/Decrease in inventories	1,143,799	(1,318,312)
(Increase)/Decrease in debtors	2,281,168	(2,144,146)
(Decrease)/Increase in creditors	1,795,651	(1,206,079)
Investment income receivable	(23,497)	(30,438)
	2,737,820	(3,723,036)
Cash flows from investing activities:		
Purchase of tangible fixed assets	(367,029)	(263,772)
Purchase of intangible fixed assets	(5,996)	(5,994)
Disposal of Investment	-	-
Profit Received (on deposits)	23,497	30,438
	(349,528)	(239,328)
Change in cash and cash equivalents in the year	2,388,292	(3,962,364)
Cash and cash equivalents at the beginning of the year	5,964,199	9,926,563
Cash and cash equivalents at the end of the year	8,352,491	5,964,199
Analysis of cash and cash equivalents:		
Investments	2,292,328	1,561,319
Cash in hand	6,060,163	4,402,880
Total	8,352,491	5,964,199

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 trustees 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

As mentioned in the trustees' annual report, since the year end the charity has developed a financial restructuring plan with the aim of achieving a sustainable long term financial position. It is the view of the trustees that the successful implementation of that plan, supported by robust cash flow, will secure the financial viability of the charity and supports the trustees' assessment that the charity is a going concern for reporting purposes.

As disclosed above and in Note 18, just prior to approving this report and financial statements the Charity Commission notified the trustees that they have opened a further statutory inquiry into the charity. The grounds for this inquiry are that the charity has not, in the view of the Charity Commission, fully implemented the action plan agreed with the Commission. The trustees have decided to appeal against this decision. The trustees recognise that the action taken by the Charity Commission, if not overturned on appeal, introduces a material uncertainty as to the going concern basis of the charity, not in terms of its financial viability but in terms of meeting certain demands from the Charity Commission – which the Trustees believe the Commission will be satisfied with once they have examined what Muslim Aid has achieved in the last 10 months.

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. Costs are charged to restricted funds to reflect the full cost of the delivery of the work. Therefore this includes direct programmes costs, overhead costs incurred in delivering the work as well as a other costs associated with raising, investing and managing the restricted funds. As explained further in note 21, in 2019 it was identified that some support costs relating to the delivery of restricted projects had not been charged to the funds historically and therefore the allocation of costs to restricted funds has been restated for 2018.
- **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 matches 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 operate 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 2019	Total 2018
	£	£	£	£
Donations received in the UK	1,587,993	12,085,752	13,673,745	12,832,647
Donations received at the Field Offices	-	2,130,140	2,130,140	2,313,252
Gift Aid	2,087,636	-	2,087,636	1,464,800
Gifts in Kind	-	4,197,497	4,197,497	3,498,636
	3,675,629	18,413,389	22,089,018	20,109,335

3. Charitable Activities

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
DFID	72,271	650,438	722,709	-
Globus Relief	-	3,132,202	3,132,202	-
European Commission Humanitarian Organisation	-	-	-	29,373
European Commission	-	-	-	32,250
Start Network	-	33,064	33,064	143,012
United Methodist Committee on Relief	-	25,623	25,623	1,278,052
World Federation	-	-	-	50,000
Other Institutional Grants	-	167,098	167,098	139,017
Institutional Grants at Field Offices	-	4,373,559	4,373,559	2,689,885
	72,271	8,381,984	8,454,255	4,361,589

4. Investment Income

	Total 2019	Total 2018
	£	£
Bank Deposit Income	23,497	30,438
	23,497	30,438

5. Resources expended

	Direct Costs	Staff Costs	Support Costs	Total 2019 Costs £	Total 2018 Costs £
Raising Funds	3,331,037	1,384,778	285,240	5,001,055	4,959,877
Charitable Activities					
Humanitarian/Emergency Response	12,388,962	3,841,639	804,598	17,035,199	9,661,183
Education	2,898,535	1,000,734	71,705	3,970,974	3,872,371
Healthcare	3,030,896	961,888	48,826	4,041,610	2,379,531
Livelihood	2,421,660	621,876	46,448	3,089,984	2,497,778
Total Charitable activities	20,740,053	6,426,136	971,577	28,137,767	18,410,863
Total Expenditure	24,071,090	7,810,915	1,256,817	33,138,822	23,370,740

6. Support Costs

	2019 £	2018 £
Office Costs	590,922	550,390
Finance and IT	158,627	249,641
HR, Recruitment and Training Costs	312,081	286,593
Governance Costs	195,187	165,456
	1,256,817	1,252,080

7. Governance Costs

	2019 £	2018 £
Audit Fees - Crowe U.K. LLP	51,525	45,000
Audit Fees - Sayer Vincent	50,400	-
Legal fees	83,103	113,733
Trustees expenses	1,836	1,813
Internal audit	8,323	4,910
	195,187	165,456

In addition to governance costs stated above, Muslim Aid also incurred £9,129 for the local audits of its overseas country offices (2018: £25,370). No member of the Board received any remuneration for their work as Trustees (2018: nil). During the year 3 trustee (2018:2) received re-imbursement for travel and subsistence costs totalling £1,836.10 (2018: £1,813)

8. Staff cost and number of employees

Average number of employees during the year were:	2019 Number	2018 Number
Fundraising	55	46
Information Public Affairs	10	14
International Programmes	741	593
Management & Finance	120	95
Corporate Services	58	91
Internal Audit	4	2
	988	841
Average number of country office employees included above	876	903

Employment Costs	2019 £	2018 £
Gross Pay	4,808,950	4,625,482
Employer's National Insurance	465,268	327,923
Pension Costs	48,344	19,302
	5,322,562	4,972,707

Staff costs includes the cost of 25 casual employees (2018: 20) who are employed during the months of Ramadan and Qurbani

	2019 Number	2018 Number
£60,001 - £70,000	2	4
£70,001 - £80,000	1	-
£80,001-£90,000	2	1
	5	5

Total remuneration for senior employees was £378,532 (2018: £356,667). Employers NI was £46,617 (2018: £43,453) and employer pension costs were £7,385 (2018: £5,519). Senior employees are considered to be key management personnel and refers to the CEO, COO, Director of Business Development, Director of IPD and Director of Finance.

During the year there were no redundancy payments (2018:£12,904) with no termination payment (2018:£nil).

9. Intangible Fixed Assets

	Computer Software £
Cost	
At 1 January 2019	196,327
Additions	67,469
Disposals	-
As at 31 December 2019	263,796
Depreciation	
At 1 January 2019	103,578
Charge for the year	96,966
Disposals	-
As at 31 December 2019	200,544
Net book values	
At 31 December 2019	63,252
At 31 December 2018	92,749

10. Tangible Fixed Assets

	Freehold & Leasehold Buildings £	Computers & software £	Fixtures & fittings £	Office Equipment £	Vehicles £	Total £
Cost						
At 1 January 2019	1,858,285	653,257	361,612	762,346	521,176	4,156,676
Additions	118,578	73,750	29,623	84,624	60,454	367,029
Disposals	-	(51,617)	(35,824)	(54,424)	(30,742)	(172,607)
Revaluation to closing rates	(46,442)	(14,851)	(10,625)	(44,611)	(18,873)	(135,402)
As at 31 December 2019	1,930,421	660,539	344,786	747,935	532,015	4,215,696
Depreciation						
At 1 January 2019	417,925	509,675	228,102	597,135	359,297	2,112,134
Charge for the year	42,398	58,711	27,038	40,498	38,529	207,174
Disposals	-	(39,929)	(26,651)	(44,606)	(26,874)	(138,060)
Revaluation to closing rates	(10,620)	(11,018)	(6,505)	(37,810)	(12,660)	(78,613)
As at 31 December 2019	449,703	517,439	221,984	555,217	358,292	2,102,635
Net book values						
At 31 December 2019	1,480,718	143,100	122,802	192,718	173,723	2,113,061
At 31 December 2018	1,440,360	143,582	133,510	165,211	161,879	2,044,542

11. Debtors

	2019 £	2018 £
Microfinance loans	4,766,303	4,590,180
Receivables from Institutions	615,459	1,655,712
Gift Aid	400,204	2,933,523
Prepayments and accrued income	1,185,558	69,277
	6,967,524	9,248,692

12. Creditors

	2019 £	2018 £
Amounts falling due within one year		
Programme creditors	2,742,016	1,355,216
Trade creditors	109,370	388,199
Accruals	116,959	118,634
Microfinance	2,550,600	2,719,867
Deferred income	40,096	205,641
	5,609,041	4,787,557

13. Provisions

	2019 £	2018 £
Balance at the beginning of the period	613,640	1,517,640
Amount released in the period	(77,654)	(1,000,000)
Increase in provision in the period	1,051,821	96,000
Balance at the end of the period	1,587,807	613,640

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 (2019)

	Balance at 1st Jan 2019 £	Income £	Expenditure £	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)	-	-	-
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	13,442,970	23,663,171	27,787,707	(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	13,432,166	27,434,568	30,006,621	(221,252)	-	10,638,862

(i) Restricted funds are those project balances held on behalf of institutional donors, field offices, specific appeals and general emergency for future work. Any funds remaining in deficit on completion of programme will be cleared by transfers from general unrestricted funds

(ii) The fixed asset fund represents the net book value of tangible fixed assets that were originally funded out of unrestricted funds. Fixed assets are acquired out of general funds and the transfer from the fixed asset fund represents the difference between additions and charge for the year.

(iii) General fund represents the amount that trustees are free to use in accordance with Muslim Aid's charitable objectives.

(iv) The transfer between funds is to support expenditure that did not have sufficient funds and funded by the General/ Need is Great Fund.

(v) A deficit on the Religious Fund and Childcare & Sponsorship Fund has been incurred due to the timing of the programmes. It is expected that these funds will be recovered by the income generation plans within 2020.

14. Statement of Funds (2018)

	Restated Balance at 1st Jan 2018 £	Income £	Expenditure £	Gains / (losses) £	Transfers £	Balance at 31st Dec 2018 £
Restricted:						
<u>UK Institutional Grants</u>						
ECHO (Humanitarian/Emergency Response)	(29,373)	29,373	-	-	-	-
European Commission (Livelihood)	(359,263)	32,250	-	-	327,013	-
Start Network	-	143,012	143,012	-	-	-
United Methodist Committee on Relief	-	1,278,052	638,866	-	-	639,186
World Federation	-	50,000	52,592	-	-	(2,592)
Other Institutional funds	1,001,236	139,017	12,778	-	-	1,127,475
<u>Field Offices</u>	2,270,425	8,501,773	5,770,499	(422,530)	-	4,579,169
<u>Muslim Aid: Emergency Funds</u>	10,883,758	4,196,346	7,162,982	-	-	7,917,122
Muslim Aid: Other Funds						
Development Fund	-	1,557,787	1,818,253	-	-	(260,466)
Religious Funds	-	1,592,759	1,856,352	-	-	(263,593)
Childcare and Sponsorship Funds	558,447	2,215,084	3,066,860	-	-	(293,329)
Total Restricted Funds	14,325,229	19,735,453	20,522,195	(422,530)	327,013	13,442,970
Unrestricted Fund:						
Fixed Asset Fund	2,157,044	-	233,958	-	214,205	2,137,291
General Fund	(3,736,527)	4,765,909	2,614,586	(21,673)	(541,218)	(2,148,095)
Total Unrestricted Funds	(1,579,483)	4,765,909	2,848,544	(21,673)	-	(10,804)
Total Funds	12,745,746	24,501,362	23,370,739	(444,203)	327,013	13,432,166

15. Analysis of net assets between funds

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Unrestricted £	2018 Restricted £	2018 Total £
Fixed Assets	2,176,313	-	2,043,180	2,137,291	-	2,137,291
Net Current Assets	(538,634)	10,588,990	10,050,356	(2,148,095)	14,056,610	11,908,515
Liabilities due > 1 year	(96,000)	(1,491,807)	(1,587,807)	-	(613,640)	(613,640)
	1,541,679	9,097,183	10,638,862	(10,804)	13,442,970	13,432,166

16. Commitments

Land and buildings	2019	2018
Operating leases expiring	£	£
- Within one year	71,280	71,280
- Within two to five years	142,560	213,840
	213,840	285,120

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

In 2020, We have reviewed the operation in Bosnia, Cambodia, Jordon, Lebanon and Sri Lanka will look to for closure in the coming 6 to 12 months at the time of signing of the accounts.

On 29 September 2020, the charity was notified by Charity Commission that it had opened a further statutory inquiry into Muslim Aid. It is the trustees intention to appeal against this decision and at the time of approving this report and financial statements this appeal was in the process of being lodged/has been lodged with the Charity Commission.

19. Partners

During the year, the charity made grants to independent partner organisations as follows:

	2019	2018
	£	£
Nahda Makers Organization	403,049	218,192
Palestinian Association for Education and Environment	621,836	1,238,068
Sawaed Association for Relief and Development	150,090	157,766
Nour El Marifa Association	246,312	244,521
Ihsan for Relief and Development	241,792	93,285
The Welfare Association	133,277	-
Muntada Aid	344,695	-
Medical Aid for Palestinians (MAP)	-	367,981
Syria Relief	-	472,315
Globus Relief	-	127,065
Partners below < £100k	748,628	656,713
	2,889,679	3,575,906

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:

	2019 £	2018 £
Assets	216,457	202,170
Liabilities	(244,831)	(186,228)
Net (liabilities)/assets	(28,374)	15,942
Income	53,737	42,101
Expenditure	(64,073)	(63,840)
Deficit	(10,336)	(21,739)

21. Prior year adjustment

Following a review of the accounting policy of costs charged to a restricted fund relate to the activities undertaken to further the specific charitable purposes the fund was established to support. These costs include both direct and support costs associated with the activities undertaken by the restricted fund(s).

In addition to a reasonable allocation of support costs, other costs associated with raising, investing and managing the restricted funds should normally be charged to the fund to which the cost relates. Expenditure attributable to a restricted fund may still be charged to it even if there is an insufficient balance on that fund at the time. However, expenditure should only be charged to a restricted fund in deficit when there is a realistic expectation that future income will be received to cover the shortfall, for example when a decision has been made to invite donations to that restricted fund.

The trustees are confident that the restatement of the allocation of costs between restricted and unrestricted better reflects the true costs incurred delivering the charity's humanitarian and development work in 2018 and 2019 while accepting (as outlined in the trustees' report) that a more fundamental review of the model and its costs is a priority for 2020 onwards. The trustees are confident that the accounting basis applied to the 2018 and 2019 costs is not inconsistent with statements made in fundraising appeal literature in those years. It is also consistent with the practice adopted by the majority of other humanitarian and international development charities.

	Unrestricted £	Restricted £	2018 £
Transfer of Direct Programme Support costs	2,293,629	(2,293,629)	-
	2,293,629	(2,293,629)	-

22. 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	2019 Expenditure	2018 Expenditure
Sara Pantuliano - Trustee	John Plaistow husband of Sara Pantuliano did consultancy work which involved research and write-up of a Grenfell tower report discussing the lessons learned from such tragedies and advice on how local authorities and charities can respond better to such disasters in future	-	12,750
Jehangir Malik - CEO	ACEVO Member	1,639	815
	MCF Membership	26,500	35,000
Zac Hussain - Director of Business Development	Redbridge Ramadan Eid in the Park Sponsorship	25,000	25,000
Mahmoon Siddiq - COO	Trustee of MA Sweden MA UK received a Funds totalling £275,930, with a Debtor due of £138,134.00 as at 31st December 2019.		
		53,139	60,815

23. Comparative SOFA (Restated)

Muslim Aid Consolidated Statement of Financial Activities For the year ended 31 December 2018

	Unrestricted Funds £	Restricted Funds £	Total £
Income from:			
Donations and Legacies	4,735,471	15,373,864	20,109,335
Charitable Activities	-	4,361,589	4,361,589
Investment Income	30,438	-	30,438
TOTAL INCOME	4,765,909	19,735,453	24,501,362
Expenditure on:			
Raising Funds	1,715,155	3,244,722	4,959,877
Charitable Activities	3,427,018	14,983,844	18,410,862
TOTAL EXPENDITURE	5,142,173	18,228,566	23,370,739
Net income/ (expenditure)	(376,264)	1,506,887	1,130,623
Exchange surplus/ (loss)	(21,673)	(422,530)	(444,203)
Transfer of Funds	(327,013)	327,013	-
Net movement in funds	(724,950)	1,411,370	686,420
Total funds at 1 January 2018	(1,579,483)	14,325,229	12,745,746
Prior Year Adjustment	2,293,629	(2,293,629)	-
Total funds at 31 December 2018	(10,804)	13,442,970	13,432,166

LEGAL AND ADMINISTRATIVE INFORMATION

CHARITY NUMBER (CIO) 1176462

Chair

Iftikhar Ahmed Awan

Vice Chair

Sara Pantuliano

Treasurer

Salim Omar

Appointed 1st October 2019

Trustees

Mohammed Abdul Aziz

Aaqil Ahmed

Habibunnisha Patel

Mustafa Faruqi

Resigned 12th December 2019

Appointed 1st October 2019

Members of the Finance and Audit Committee

Iftikhar Ahmed Awan (Chair)

Salim Omar

Appointed 1st October 2019

Members of the Programmes Committee

Sara Pantuliano (Vice Chair)

Mohammed Abdul Aziz

Geoff O'Donahue

Amjad Saleem

Kashif Shabir

Members of the People & Culture Committee

Mustafa Faruqi

Mohammed Abdul Aziz

Zakya Hussain

Appointed 1st October 2019

Chief Executive

Kashif Shabir (Interim CEO)

Jehangir Malik

Appointed 24th April 2020

Resigned 24th April 2020

Management Team

Moyenul Islam

Zakya Hussain

Hussein Osman

Abu Akeem

Head of Finance

Head of Human Resources

Head of Legal and Compliance

Head of Programmes

Abu Kalam	Campaigns Manager
Rashada Mahmood	Major Gift Manager
Yusuf Kalam	Fundraising Manager
Shoaib Hameed	Supporter Relations Manager

During the period September 2019 to June 2020; the following directors resigned: Mahmoon Siddiq (Chief Operating Officer) Resigned 29 November 2019, Shoaib Sheikh (Director of Finance) Resigned 30 September 2019, Zakir Hussain (Director of Business Development) – Resigned 12 June 2020 and Imtiaz Mohammed (Director of International Programmes) Resigned 30 June 2020).

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Lloyds Bank plc
Al Rayan Bank

Solicitors

Simons Muirhead & Burton LLP
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Internal Auditors

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Auditors

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