

Charity No: 295224

MUSLIM AID

**Trustees' report and financial statements
For the year ended 31 December 2007**

MUSLIM AID

Financial statements for the year ended 31 December 2007

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Legal and administrative information

Status

Chairman

Farooq Murad

Vice Chairman

Dr Muhammad Jafer Qureshi

Secretary

S M Tanzeem Wasti

Treasurer

Chowdhury Mueen-Uddin

Chief Executive Officer

Saif Ahmad

Charity number

295224

Registered Office

PO Box 3
London
E1 1WP

Auditors

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

Bankers

Lloyds TSB Bank plc
31-33 Holloway Road
London
N7 8JU

Habib Bank AG Zurich

Islamic Bank of Britain

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Trustees' report

For the year ended 31 December 2007

Organisation

Muslim Aid is a UK based international relief and development agency established in 1985 and working in over 70 countries with field offices in 14 countries. Muslim Aid operates within an equal opportunities policy, kept under evaluation. Following a review of the organisation in June 2006, a strategic framework was produced identifying the main objectives to move Muslim Aid towards its goal of becoming a key global player in development, on a level with other international NGOs. Management development of the organization is delegated to the CEO, who is accountable to the trustees through the chair. Reports are submitted as required to the charity commission by the Secretary of the Trust. A strategic framework is in place, so that the organisation is made up of structured departments functioning as independent units with clear reporting lines. Systems for line management, appraisal, staff development and supervision are in place, together with grievance and complaints procedures.

Objectives and activities

Muslim Aid's aim is to become a key global player by 2010 and to have made a significant contribution to the total elimination of world poverty by 2020. Its 4 key objectives are:

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

Muslim Aid's work is guided by the following values and principles:

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

Through generous donations and legacy contributions, Muslim Aid has been working for two decades to help save and improve the lives of millions in over 60 of the world's poorest countries.

Initially aimed to provide emergency relief, Muslim Aid advanced its approach in the early 90s and has since been working to provide sustainable development programmes.

Intrinsic to Muslim Aid's mission is tackling the root causes of poverty to help some of the world's most unfortunate people gain back the self-sustenance that is rightfully theirs. This means that when most relief agencies pack up and go home after providing initial emergency aid in the aftermath of a disaster, Muslim Aid stays.

Over the years Muslim Aid has established field offices in Bangladesh, Pakistan, Sri Lanka, Sudan, Somalia, Iraq, Indonesia, Bosnia, Lebanon, Jordan, Gambia, Kenya, India and Cambodia. Our overseas offices help accommodate long-term development programmes for various needs such as:

- 1 Healthcare & Nutrition
- 2 Water & Sanitation
- 3 Shelter & Construction
- 4 Education
- 5 Economic Empowerment

Some other specialist programmes include:

- 1 Child Care (Rainbow Family)
- 2 Micro Finance
- 3 Child Blindness

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Risk Management

The trustees have assessed the major risks to which the organisation is exposed, in particular those relating to the finances and operations of Muslim Aid. They are satisfied that systems are in place to mitigate exposure to these risks. Reporting procedures are in place to monitor income and expenditure and implementation of the reserves policy at bi-monthly meetings of the Executive Committee of the Trust.

Achievements, performance and plans

Objective 1: We continued the consolidation process of our activities world wide by further developing an efficient, effective and accountable internal structure at HQ and field office levels -through the improvement of internal communication, and provision of staff training and development- as well as by developing a clear strategic approach to all our work.

Performance

1. Human Resources

Considerable progress was made in developing and supporting the human resource infrastructure of the organization. A staff handbook was developed along with a staff induction and appraisal system. Human Resource audits were undertaken in the Indonesia and Pakistan field offices ensuring consistent policies and standards operate throughout the organization. The achievement of the Investors in People (IIP) award in November 2007 evidenced the progress that has been made in this area.

Twelve Human Resource policies were developed and approved by the Executive Committee in 2007:

- Equal opportunities and diversity
- Volunteers
- Sickness
- Security of Premises
- Health and Safety
- Disciplinary Procedure
- Grievance
- Bullying and Harassment
- Recruitment
- Maternity Leave
- Special Leave
- Smoking

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2. Programmes

Muslim Aid made significant progress towards its objective of programme consolidation with a number of field visits being made by staff during the year. Whilst the purpose of the visit may have varied, staff took the opportunity to reinforce Muslim Aid's mission, vision, values, aims and objectives.

A number of new policies were approved by the Executive Committee and officially adopted at field and headquarter level. The policies are all aimed at guiding Muslim Aid's operations in the areas of:

- 1 Education
- 2 Child & Vulnerable Adults Protection
- 3 Individuals in Distress
- 4 Project Evaluation
- 5 Housing
- 6 Water & Sanitation
- 7 Disaster Response
- 8 Monitoring & Evaluation

A new funding application procedure was introduced to partners seeking funds from Muslim Aid. The new procedure saw two funding rounds being introduced each with a two stage application process. The main aim of the new funding procedure was to lessen the number of poor quality applications being taken to the Distribution Committee meetings.

Objective 2: To develop our products and services, Muslim Aid is concentrating on making a greater impact across the countries in which we operate, by establishing field offices, expanding programme activities and developing needs assessment and impact assessment techniques.

Performance

1. Programme development

Alongside our usual areas of activity, Muslim Aid is championing two 'products' in its fight against poverty. The first being the interest free Micro Finance product which sees financial services being developed to cater for individuals who would otherwise not have access to them. The Micro Finance is currently being piloted in the field offices until 2010 at which stage it will be launched globally.

In April, Muslim Aid hosted a Micro Finance conference and workshop in Sri Lanka for all field offices to learn about current Micro Finance projects being implemented in the field and to identify the strengths and weaknesses of the work. The Conference was attended by many experts from the field of Islamic finance and banking as well as staff from headquarters and project staff from the field.

The second 'product' launched this year took a new approach to child sponsorship in the form of the Rainbow Family. The Rainbow Family takes a holistic approach to child sponsorship, with the child's emotional, physical and academic needs being taken into account through a unique mentoring scheme which teams up children with local adults who guide and encourage the children. Muslim Aid launched the programme in 17 countries including Afghanistan and Sierra Leone.

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2. Disaster & Emergency Relief

During 2007 Muslim Aid dealt with a vast array of emergencies from major natural catastrophes to ongoing conflicts. Muslim Aid's commitment to respond to emergencies was as apparent as ever this year with a total £920,039 being spent on our disaster and emergency relief programmes. Below details just some of our activities:

- a. For Indonesia, a country plagued with continuous natural disasters, 2007 was no exception. Our field staff attended to a number of emergencies; £28,500 worth of emergency relief was distributed to flood relief victims in Jakarta. Supplies that were distributed included food, water, urgent medication, plastic buckets and rubber boats. A similar operation was conducted following the earthquake in Sumatra in March where approximately 70 people lost their lives.
- b. Muslim Aid and our partners GlobalMedic dispatched a joint relief team to the Solomon Islands after a Tsunami struck the Island. Muslim Aid and GlobalMedic supplied portable water purification systems and distributed water purification tablets.
- c. In Sudan Muslim Aid field staff provided relief items to the families returning to Nyala, South Darfur. As many as 4000 families returned without even the basic amenities.
- d. Muslim Aid deployed a relief team (via our partners GlobalMedic) to Pakistan to provide emergency relief services to some of the 800,000 families affected by the cyclone in Sindh and Baluchistan.
- e. One of Muslim Aid's newest field offices, Cambodia, attended to their very first emergency. Staff crossed over into Vietnam to distribute food to the families affected by the typhoon. The relief project whilst small demonstrated the eagerness of Muslim Aid staff to reach out to people even outside of their area of operation.
- f. Muslim Aid Sri Lanka carried out an emergency relief programme for 100,000 IDPs who fled the fighting between LTTE and the Sri Lankan army in Batticaloa area. £21,500 of relief was distributed.
- g. Following the Cyclone Sidr that hit Bangladesh, Muslim Aid immediately allocated £215,000 for emergency aid and launched a fundraising campaign to raise £3 million for ongoing relief and rehabilitation. Our Bangladesh field office worked in three of the four worst-affected districts (Bagerhat, Patuakhali and Pirojpur) with our Canadian partner GlobalMedic; 60 field staff and a network of more than 400 volunteers. In all three districts, food, clean water, medicines, blankets and clothing were distributed. Over 17,865 families received food packs (consisting of rice, lentils and potatoes) whilst clothing and blankets were distributed to 20,839 families. 696,705 water purification tablets were distributed and 19 portable water purification systems installed. A further 30,602 families received medical treatment from our mobile clinics. Other relief work involved repairing 142km of road and 17 bridges as well as clearing a total of 134 canals and ponds under our cash for work programme.

3. Education

- a. Education is one of our main tools against the fight against poverty. In 2007 £1,505,900 was spent on an array of education related projects from equipping IT Labs to providing education.
- b. In Somalia the Islamic Development Bank handed over a technical college and a training workshop to Muslim Aid. The school based in Puntland has 50 students, 3 teachers and teaches subjects such as carpentry, metalwork and electrical engineering.
- c. In Bangladesh Muslim Aid supported a non formal education programme to provide basic education and recreational facilities to children who reside in a slum in Dhaka.

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4. Healthcare & Nutrition

Another of Muslim Aid's major programmes is our work in the field of health. In 2007 Muslim Aid spent a total of £1,120,349 on various healthcare programmes.

- a. In Afghanistan Muslim Aid funded a project through its partners to provide basic healthcare facilities to villages in Logar province south of Kabul.
- b. In Kenya Muslim Aid provided £23k worth of medical equipment to upgrade the Tawfiq Hospital in Malindi.
- c. A similar project was carried out in Iraq, the charitable clinic in Fallujah received £27k worth of equipment in order to upgrade and stock the clinic with vital essentials needed to treat the 100 or so IDPs/widows and patients needing treatment on a daily basis.
- d. Our annual Ramadan & Qurbani programmes took place as usual this year. Ramadan and Qurbani remittances were paid together for the first time, significantly reducing the bank charges. In total £1,958,270 worth of funds were distributed for Ramadan and both Qurbani 1427 and 1428 which both fell in 2007.

5. Water & Sanitation

In 2007 £453,152 was spent on water and sanitation projects around the world. The projects, all aimed at providing clean drinking water to communities, varied from digging new wells to raising awareness on issues around sanitation.

- a. In Bangladesh Muslim Aid financed a sanitation promotion project to educate 1000 community members on personal health, hygiene & sanitation practices and arsenic related diseases.
- b. Following the earthquake which struck Pakistan in 2005, our field staff restored twelve water supply systems which benefited around 2000 people in Bagh in Kashmir and Mansehra in NWFP.

6. Shelter & Construction

Most of our Shelter and Construction projects are in response to major natural catastrophes. 2007 saw the continuation of our reconstruction work in Tsunami and Earthquake affected areas. A total of £672,057 was spent on our shelter and construction work.

- a. In 2007 work continued with our Boxing Day Tsunami rehabilitation work in Indonesia. A total of 7,074 homes have now been built. This included temporary homes i.e. emergency & transitional shelters and permanent houses. The houses have been financed by a variety of sources including the International Organisation for Migration (IOM), UNOCHA and the Asian Development Bank (ADB).
- b. In Pakistan work continued with the post earthquake reconstruction with a school and hospital under being constructed to support the affected communities.

7. Economic Empowerment

All economic empowerment projects such as skills training and income generation have been brought under the one programme of Economic Empowerment. Our economic empowerment projects will be monitored by our Micro Finance team to ensure project sustainability. £798,895 was spent on Economic Empowerment projects in 2007.

- a. One such project in Mexico saw families benefiting from a bamboo farming project. The bamboo is harvested and sold as well as being used for housing. The project aims to be sustainable within one year.
- b. In Cambodia our newly established field office set up a Microfinance project for poor fish processors who could not afford to purchase fish in sufficient quantities to make a reasonable profit. Muslim Aid intercepted with micro loans allowing the workers to purchase sufficient quantities of fish allowing them to make enough profit to then pay back the micro loan within a 10 month period.

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Plans

A departmental restructure in 2008 will see the Development Programmes Department divided into two sections, Overseas Programmes, overseeing all field offices and Sectoral Programmes overseeing the development of our programmes such as Economic Empowerment and Education & Child Support.

A retreat is being organized for all Country Directors and senior staff at field level. The retreat, which will take place in March aims to review/reflect and move forward as an organisation.

Following the submission of our application to the Kenyan authorities, Muslim Aid has now registered in Kenya. The main purpose of the office will be to coordinate our work in the region and to work more closely with the major UN agencies and other development bodies that are based in Nairobi.

Objective 3: We are working towards securing increased resources by achieving an increased diversified donor base which includes non-Muslims, as well as institutional and corporate funding. We are also striving to develop strong relationships with all actors involved in development, including governments, UN agencies and other NGOs and faith based organizations.

Performance

1. Campaigns

Throughout 2007, Muslim Aid continued in its commitment to providing emergency relief, in response to natural and man-made disasters. It raised funds through specific campaigns. These are outlined below in addition to the 2007 Ramadan and Qurbani campaigns.

2. Ramadan & Qurbani

The Ramadan mailing consisted of a full-colour A5 Ramadan leaflet, a Ramadan timetable, Children's Wall Chart and a reply envelope. This was sent to 151,535 addresses. The total cost for the Ramadan direct mail campaign was £48,850 raising a total of £2,337,290.

The Qurbani mailing consisted of the Qurbani leaflet and Qurbani gifts leaflet, the Cyclone Sidr Emergency Appeal and the 2008 calendar. The mailing was sent to 65,301 of our Muslim donors costing £11,448 and raised £583,024.95.

3. Events

Throughout 2007 a number of fundraising and awareness raising events were held. The first ever Muslim Aid challenge was organised and saw 46 volunteers sign up to climb Mt. Ben Nevis. The challenge was a tremendous success and raised over £23,000 for the crisis in Darfur.

Muslim Aid had a stand at the Global Peace and Unity event 2006 which was staffed by around 25 of our young volunteers to attract new donors to sign up standing orders. £10,000 was collected in cash and 169 new standing orders were secured.

In November 2007 when Cyclone Sidr struck southern Bangladesh, the Muslim Aid fundraising team and volunteers immediately launched a fundraising campaign which raised over £300,000 in the first three days of the appeal. Through a series of television telethons, community events, fundraising dinners, street collection and direct mail campaign we raised over £1 million inside six weeks.

4. Volunteers

In 2007 we continued our efforts to recruit volunteers, who make a massive contribution to the success of Muslim Aid at fundraising and awareness raising events. Volunteers are playing an increasingly important role in helping Muslim Aid in all aspects of its work. Our volunteer group in Cardiff has been very active and raised in excess of £30,000 in 2007.

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5. Networking

Meetings were held with key government departments, international NGOs, UN and other development agencies, in accordance with the aim to connect ourselves with mainstream agencies, secure increased resources and communicate effectively Muslim Aid's mission, values and, above all, its track record in delivery.

6. New partnerships and institutional funding

Muslim Aid's networking efforts have led to the strengthening of existing partnerships and the formation of new partnerships with international development agencies. Institutional funding has also been secured following considerable work applying for institutional funding, with eighteen proposals submitted from headquarters in 2007 to donors such as: World Bank Post Conflict Fund, Department for International Development (DfID), ECHO and London Councils. Examples of partnerships developed are outlined below.

a. **Cargills (Ceylon) Limited**

Muslim Aid Sri Lanka and **Cargills (Ceylon) Limited** (the largest chain of retail food outlets in Sri Lanka) entered into a partnership to supply disadvantaged schools with clean water and sanitation. Cargills supported Muslim Aid Sri Lanka's 'Water for Life' campaign by donating 10 percent of the sales of special Eid Gift Packs sold at its supermarket outlets. Muslim Aid Sri Lanka and Cargills also collaborated in providing dry ration packs to widows, orphans and disadvantaged people across Sri Lanka during Ramadan this year.

b. **GlobalMedic - David McAntony Gibson Foundation (DMGF)**

GlobalMedic DMGF is a registered Canadian charity and International NGO that uses its operational arm, GlobalMedic to run capacity building missions in post conflict nations and to provide disaster relief services to large scale catastrophes around the world. In 2007 following an informal partnership Muslim Aid entered into a formal agreement with DMGF which would see Muslim Aid benefiting from millions of dollars worth of drugs and medical equipment as well as expertise from their Rapid Response Team (RRT), and Emergency Medical Unit.

c. **AmeriCares**

Another partnership established in Sri Lanka in 2007 was the partnership with AmeriCares, an international relief organization which teamed up with Muslim Aid in May to fund a rehabilitation project in Muttur. AmeriCares contributed £77,400 towards the project.

d. **ECHO**

In 2007 Muslim Aid successfully secured membership of ECHO, the EU's humanitarian aid agency. Securing membership was a massive break-through for Muslim Aid, not only because it opened up the opportunity to access the \$500million worth of aid that ECHO distributes annually, but also confirmed Muslim Aid's status as a mainstream development agency working towards international standards. Later in the year, following an application to ECHO for the humanitarian relief of Cyclone Sidr in Bangladesh, ECHO funded Muslim Aid €300,000 for the distribution of food and non food items (NFI), the provision of filtered water and the construction of latrines.

e. **United Methodist Committee on Relief (UMCOR)**

A successful operational partnership was formed with UMCOR in the field in Sri Lanka in response to the Muttur crisis in 2006 in which both organisations supported the needs of 57,000 Internally Displaced People. This was formalised by the signing of a global partnership in June 2007 at the Houses of Parliament in which both organisations committed to partnering where appropriate at organisational, operational and funding levels. The partnership was show-cased to NGOs at the 2007 Commonwealth People's Forum in Kampala, Uganda and brought to the attention of Commonwealth Foreign Ministers, HRH Prince Charles and Terry Waite MBE. UMCOR contributed US\$100,000 to Muslim Aid's Bangladesh Flood Appeal in August 2007 and a further US\$100,000 to the Bangladesh Cyclone Sidr Appeal in November 2007.

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f. **DfID**

Good and regular working relations were established in 2007 with this key UK government department. An application to the Development Awareness Fund secured a Mini Grant of £30,000 for a 3-year project working with 5 London schools to raise awareness of issues around access to education in the developing world.

g. **Disasters Emergency Committee (DEC)**

Muslim Aid registered its wish to become a member of the UK DEC. As the DEC Board began a review of membership criteria in late 2007, Muslim Aid has focussed on maintaining regular contact with DEC to raise awareness of development programmes and emergency responses we undertake.

h. **London Councils**

A funding bid was submitted in September 2007 to London Councils for a 4-year project working to build the capacity of London schools to respond to the needs of young people in the Muslim community to prevent them falling into the NEET category (not in employment, education or training). The funding bid, at total value of just under £0.5 million was subsequently successful in early 2008 and will begin in September 2008.

Plans

7. In 2007, strategies for attracting a more diverse donor and volunteer base will be operationalised.
8. One major component of 2007 was to achieve a culture of sustainability through local and institutional fundraising. Almost all field offices have started local fundraising with Indonesia, Sri Lanka, Bangladesh, Somalia and Cambodia securing significant amounts of institutional funding, whilst other field offices are awaiting decisions on proposals submitted to different funding bodies. The emphasis in 2008 will undoubtedly focus on ensuring Muslim Aid's continued growth and sustainability through securing institutional funding.
9. Fundraising offices in Malaysia and Canada are planned in addition to broadening Muslim Aid's fundraising presence in UK cities.

Objective 4: In order to achieve international recognition as a reputable British NGO and raise public awareness about the issues of poverty and injustice, Muslim Aid has been developing methods of effective communication.

Performance

1. **Publicity materials**

The Communications Department has worked with field offices to create a supply of photos, human interest stories and case studies and high quality video footage from Bangladesh, Indonesia, Sri Lanka and Sudan. Using this material, high quality publicity material was produced including the annual report, campaign leaflets, TV and print advertisements and documentaries. A series of sectoral brochures was commissioned, to start with Shelter and Construction in early 2008. In 2007, the department produced the following films on Muslim Aid's work:

- Muslim Aid- General Promotional Video
- Micro Credit- General Promotional Video
- Sudan-Generic Project Video
- Somalia- Generic Project Video
- Trustee Update AGM- Video
- Jermaine Jackson Muslim Aid Ambassador for Children- Rainbow Family Video
- UMCOR Muslim Aid Partnership – Video

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An in-house production suite creates regular TV advertising and broadcast material. This continues to save Muslim Aid thousands of pounds per year. Arabic and Somali language TV, such as El-Hiwar and Universal, were targeted for advertising and documentary purposes, Muslim Aid have also targeted these communities in newspaper and magazine advertising, especially during the 2007 Ramadan and Qurbani campaigns.

Following Muslim Aid's strategy to engage with a wider non-Muslim mainstream audience, footage promoting Muslim Aid has worked with former BBC correspondent and current Al Jazeera International presenter Rageh Omar and high profile celebrities such as Jermaine Jackson, footballer Freddie Kanoute and boxer Danny Williams.

2. PR and media in field offices

In line with the objective to communicate effectively, the communications functions in the field offices have been developed as NGO publicity is often generated in the countries of operation. HQ continues to assist and support Communications Officers in Sri Lanka, Bangladesh, Pakistan, Indonesia and the Sudan. The Communications Manager for Asia continues to coordinate publicity for the whole region. Field office Communication officers have been focusing on building up relationships with journalists, editors and broadcasters, partners, other NGOs and funding institutions.

3. Mainstream Publicity

2007 has seen yet another break-through of Muslim Aid into the mainstream, for the first time our name has been mentioned on BBC 1 News to highlight the huge fundraising response to the Bangladesh Cyclone Sidr. The charity has also used its celebrity connections such as Jermaine Jackson to get airtime on CNN International (3 April 2007). We have also been regularly covered on Al Jazeera International.

Muslim Aid's work in Iraq was covered in Channel 4's *Iraq Commission* programme (20 July 2007), presented by Jon Snow, in which our representative Mohammad Bali, alongside Christian Aid, highlighted the operational challenges faced by Muslim Aid working inside Iraq.

Examples of broadcast and print coverage of Muslim Aid in the UK in 2007 are listed below.

Broadcast (TV and Radio)

- CNN REPORT Jermaine Jackson visits Muslim Aid Projects in Bangladesh -3 April 07
- Sky News Adam Bolton Show, Muslim Aid sponsored event Allah made me funny- 9 April 07
- Sky News David Frost programme, Muslim Aid sponsored event Allah made me funny-9 April 07
- BBC News 24 – Interview with Chowdhury Mueen-Uddin and Randy Day (UMCOR) – 26 June 2007
- BBC London Bangladesh cyclone fundraising response and Muslim Aid- 25 November 07
- BBC London website- Interview with Abdul Jolil in Bangladesh cyclone Sidr- 28 Nov 07
- BBC News 24 website, Muslim Aid responds to cyclone Sidr- 19 Nov 07
- BBC Radio 4- Interview with Abdul Jolil in Bangladesh cyclone affected areas- 25 Nov 07
- BBC Radio Asia Network- Muslim Aid and issues of climate change
- BBC Radio Asia Network- Abdul Jolil interviewed in Bangladesh cyclone affected areas
- Al Jazeera International – Interview Bangladesh floods August
- Al Jazeera International- Interview Abdul Jolil on G8 Summit- 2 June 07
- Al Jazeera International- Interview with Amjad Saleem on Bangladesh cyclone Sidr- 16 Nov 07
- Al Jazeera International- Interview with Saif Ahmad on Bangladesh cyclone Sidr- 23 Nov 07
- Al Jazeera Arabic- Interview with Saif Ahmad on Bangladesh cyclone Sidr- 28 Nov 07
- Al Jazeera Arabic- Interview with Saif Ahmad on Bangladesh cyclone Sidr- 30 Nov 07

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Print media

- The Guardian 'This can't go on forever'-15/12/07
- Muslim weekly 'Muslim aid rainbow family'-Friday 10/08/07
- East London advertiser 'Relief at hand for tsunami victims'-Thursday 12/04/07
- Eastend Life 'Tsunami aid'-Monday 06/04/07
- The Scotsman 'Muslims plan UK fundraiser for crisis in Darfur' -Tuesday 21/08/07
- The Guardian 'Muslims music concert to raise funds for Darfur' -Tuesday 21/08/07
- London Lite In Brief- Muslim 'live8' to help Darfur -Tuesday 21/08/07
- Muslim weekly 'Crisis in Darfur'-Friday 14/09/07
- Muslim weekly 'Finally the world responds to Darfur'-Friday 3/08/07
- Independent on Sunday 'Heard the one about the bomber'-Sunday 25/03/07
- Methodist recorder 'Methodist and Muslims in aid partnership'-Thursday 05/07/07
- Independent on Sunday 'Muslims laugh off racial tension'-Sunday 01/04/07
- Daily record 'Heard the one about the Muslims comedian'-Thursday 29/03/07
- Newham recorder 'Mayor visits charity'-Wednesday 30/05/07
- The Herald 'So did you hear the one about the imam and the burka'-Tuesday 10/04/07

4. Press Conferences and events

Muslim Aid held a number of press conferences in London, these included the launch of *the Allah made me funny* comedy tour, Jermaine Jackson's visit to Bangladesh, Muslim Aid's response to the Bangladesh floods and the response to Cyclone Sidr.

A ground breaking television event took place at the House of Lords in December, in which speakers from NGOs such as Christian Aid, spoke about the relief operation in response to Bangladesh Cyclone Sidr. The event was hosted by Baroness Pola Uddin with Muslim Aid. TV presenter Rizwan Hussain presented the event with Yusuf Islam and Rt. Hon. Harriet Harman MP some of the many speakers in the 2 hour programme which was broadcast live on Islam Channel.

Plans

5. A suite of sectoral brochures will be published in 2008, to include: Shelter & Construction; Economic Empowerment; Water & Sanitation.
6. Awareness raising campaigns on water and food and nutrition will be run to raise awareness among Muslim Aid donors of global development challenges, with a focus on engaging with new donor communities such as Somali, Arabic and Turkish speaking communities.
7. The new Muslim Aid web site will be launched in 2008.

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Conclusion

During the period 1 January – 31 December 2007, Muslim Aid has taken huge steps towards achieving its goal of becoming a key global player by 2010. The strong internal structures, policies and procedures have placed Muslim Aid in a position to attract mainstream awareness, partnerships and funding and have led to the many successes recorded here. As we continue to develop and grow, I pray that we will demonstrate to society at large that Islam is a religion which promotes peace, compassion and justice for all of mankind and that as a British Muslim NGO, it is our duty and our privilege to serve humanity.

I would like to take this opportunity to thank all the staff for their commitment and dedication at HQ and in the field offices, our trustees for their advice and support and our donors who continue to support us in our work.

Farooq Murad
Chairman

Chowdhury Mueen-Uddin
Treasurer

31May2008

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Independent Auditor's Report to the trustees of Muslim Aid

We have audited the financial statements of Muslim Aid for the year ended 31 December 2007, which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the trustees and auditors

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

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993.

We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' Report (or, where appropriate, the Annual Report), and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

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Independent Auditor's Report to the members of Muslim Aid

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the information given in the Report of the Trustees is consistent with the financial statements.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor
LONDON

Date: 31 May 2008

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Statement of financial activities For the year ended 31 December 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Restated Total 2006 £
Incoming resources					
Donations and grants	2	3,068,960	17,577,527	20,646,487	15,333,930
Investment income and dividends	3	240,218	-	240,218	244,805
Total incoming resources		3,309,178	17,577,527	20,886,705	15,578,735
Resources expended					
Cost of generating voluntary income		416,283	-	416,283	339,889
Charitable activities					
Emergency relief		169,272	2,915,995	3,085,267	1,189,842
Education		281,034	1,714,675	1,995,709	1,900,657
Water & sanitation		248,943	160,254	409,197	556,626
Health Care		602,361	7,579,572	8,181,933	802,397
Rainbow Family		340,304	269,463	609,767	398,982
Economic empowerment		605,992	286,349	892,341	528,676
Shelter and Infrastructure		(8,656)	2,317,941	2,309,285	7,311,995
Capacity building		54,911	-	54,911	432,373
Qurbani/Ramadan		1,143,452	876,607	2,020,059	1,468,196
Total charitable expenditure		3,437,613	16,120,856	19,558,469	14,589,744
Governance costs	5	39,495	-	39,495	25,304
Total resources expended	4	3,893,391	16,120,856	20,014,247	14,954,937
Net (outgoing)/incoming resources before transfers		(584,213)	1,456,671	872,458	623,798
Gross transfers between funds	11	(203,849)	203,849	-	-
Net (expenditure)/income for the year		(788,062)	1,660,520	872,458	623,798
Exchange surpluses/(deficits)		(51,924)	-	(51,924)	-
Net movement in funds		(839,986)	1,660,520	820,534	623,798
Total funds brought forward as previously stated		6,371,323	-	6,371,323	6,743,374
Prior year adjustment	14	1,492,960	675,526	2,168,486	1,172,637
Total funds brought forward as restated		7,864,283	675,526	8,539,809	7,916,011
Total funds carried forward		7,024,297	2,336,046	9,360,343	8,539,809

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 18 to 22 form an integral part of these financial statements.

MUSLIM AID

Balance sheet as at 31 December 2007

	Notes	2007 £	Restated 2006 £
Fixed assets			
Tangible assets	7	<u>1,587,231</u>	<u>1,324,443</u>
		1,587,231	1,324,443
Current assets			
Inventories	8	<u>1,342,294</u>	-
Debtors	9	<u>1,358,767</u>	518,722
Cash at bank and in hand		<u>5,952,147</u>	<u>7,934,054</u>
		8,653,208	8,452,776
Creditors: amounts falling due within one year	10	<u>(880,096)</u>	<u>(1,237,410)</u>
Net current assets		<u>7,773,112</u>	<u>7,215,366</u>
Net total assets		<u>9,360,343</u>	<u>8,539,809</u>
 The total funds of the charity			
Unrestricted income funds			
- General fund	11	<u>1,408,140</u>	2,248,126
- Designated fund	11	<u>5,616,157</u>	5,616,157
Restricted income funds	11	<u>2,336,046</u>	<u>675,526</u>
		<u>9,360,343</u>	<u>8,539,809</u>

The financial statements were approved by the Trustees on 31 May 2008 and signed on its behalf by:

.....
Farooq Murad (Chair)

.....
Chowdhury Mueen-uddin (Treasurer)

The notes on pages 18 to 22 form part of these financial statements.

MUSLIM AID

Cash flow statement For the year ended 31 December 2007

	Notes	2007 £	Restated 2006 £
Reconciliation of operating gain/(deficit) to net cash inflow from operating activities			
Decrease/(increase) in inventories		(1,342,294)	-
Operating (deficit)/gain		820,534	623,798
Add: Depreciation		108,942	74,133
Decrease/(increase) in debtors		(840,045)	62,450
(Decrease)/increase in creditors		(357,313)	(199,003)
Net cash inflow/(outflow) from operating activities		(1,610,176)	561,377
Cash flow statement			
Net cash inflow/(outflow) from operating activities		(1,610,176)	561,377
Capital expenditure		(371,729)	(232,731)
Increase/(decrease) in cash in the year	13	(1,981,905)	328,646
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		(1,981,905)	328,646
Net funds at 1 January		7,934,054	7,605,408
Net funds at 31 December		5,952,147	7,934,054

MUSLIM AID

Notes to the financial statements For the year ended 31 December 2007

1. Accounting policies

a) **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005) and The Charities (Accounts and Reports) Regulations 2005. The accounting policies below have been adopted for material items. For the first time this year the finances of the material field offices of Muslim Aid have been included in these accounts. As a result the prior year figures have been restated to also include the finances of the material field offices.

b) **Incoming resources**

Voluntary income is received by way of legacies, donations and gifts and is included in full in the Statement of Financial Activities when Muslim Aid is entitled to the receipt and the amount can be measured with reasonable certainty. Gifts in Kind for which Muslim Aid accepts full responsibility for distribution are included in income at their market value when it is distributed and under Charitable Activities at the same value and time. The value of services provided by volunteers has not been included. Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

c) **Resources expended**

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

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

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

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

d) **Tangible fixed assets and depreciation**

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

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

e) **Micro credit schemes**

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

f) **Funds**

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

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

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

MUSLIM AID

Notes to the financial statements For the year ended 31 December 2007

- g) **Shariah and administration costs**
The charity complies with Shariah law and does not charge administration costs to Zakah donations greater than that allowed. In addition the charity does not charge any administration costs to Emergency donations.
- h) **Pension costs**
These costs are charged to the SOFA as incurred. The Charity provides a money purchase pension scheme for its staff.
- i) **Leases**
Lease costs are taken to the SOFA on a straight line basis over the term of the lease.
- j) **Inventories**
These are valued at the lower of cost or market value. They are medicines received before the year end and distributed after the year end.

2.	Donations and grants			Total 2007 £	Restated Total 2006 £
	Donations received from UK sources			7,117,155	6,793,980
	Institutional grants and donations received at Field offices			2,242,043	2,566,553
	Gift aid			897,710	952,460
	Gifts in Kind received at Field offices			10,389,579	5,020,937
				<u>20,646,487</u>	<u>15,333,930</u>
3.	Investment income			2007 £	2006 £
	Bank deposit interest			240,218	243,999
				<u>240,218</u>	<u>243,999</u>
4.	Resources expended			2007 Total costs £	2006 Restated Total costs £
	Cost of generating funds	179,610	201,598	35,074	416,283
	Charitable activities				
	Emergency relief	3,085,267	-	-	3,085,267
	Education	1,791,920	211,678	(7,889)	1,995,709
	Water & sanitation	227,337	80,740	101,120	409,197
	Health Care	7,772,773	185,264	223,896	8,181,933
	Rainbow Family	364,167	94,966	150,634	609,767
	Livelihood	640,708	136,819	114,814	892,341
	Shelter and Infrastructure	2,069,394	59,534	180,357	2,309,285
	Capacity building	44,985	5,040	4,886	54,911
	Qurbani	1,039,766	-	-	1,039,766
	Ramadan	845,268	32,350	102,675	980,293
	Total Charitable activities	<u>17,881,585</u>	<u>806,391</u>	<u>870,493</u>	<u>19,558,469</u>
	Governance cost	-	-	39,495	39,495
	Total resources expended	<u>18,061,195</u>	<u>1,007,989</u>	<u>945,062</u>	<u>20,014,247</u>

MUSLIM AID

Notes to the financial statements For the year ended 31 December 2007

5.	Resources expended: Governance Costs	2007	2006
		£	£
	Trustees Reimbursements, Travel & Hotel	3,776	2,509
	Audit fee - Current year	21,500	15,000
	- Under provision in prior year	9,724	7,325
	Legal and other costs	4,495	470
		39,495	25,304
		<hr/> <hr/>	<hr/> <hr/>
6.	Staff cost and number of employees	2007	2006
		Number	Number
	The average monthly numbers of employees in the UK during the year were:		
	Permanent	38	19
	Temporary	16	14
		<hr/> <hr/>	<hr/> <hr/>
	Employment costs	2007	2006
		£	£
	Wages & salaries	938,851	569,989
	Social security costs	84,427	53,015
		1,023,278	623,004
		<hr/> <hr/>	<hr/> <hr/>

No employee earned more than £60,000 during the year (2006: None).

The average numbers of employees in Field offices were:

Head count. **968**

The average monthly numbers of employees in Field offices and comparatives for 2006 are not available.

Employment costs

7.	Tangible fixed assets	Leasehold buildings	Computers & software	Fixtures & fittings	Office equipment	Vehicles	Total
		£	£	£	£	£	£
	Cost						
	At 1 January 2007	739,786	112,379	77,579	189,461	369,416	1,488,621
	Additions	110,880	80,535	27,987	63,547	88,780	371,729
	Disposals	-	-	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	As at 31 December 2007	850,666	192,914	105,566	253,008	458,196	1,860,350
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Depreciation						
	At 1 January 2007	23,207	46,466	12,547	51,787	30,170	164,177
	Charge for the year	10,767	42,363	7,404	25,359	23,049	108,942
	Disposals	-	-	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	As at 31 December 2007	33,974	88,829	19,951	77,146	53,219	273,119
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Net book values						
	At 31 December 2007	816,692	104,085	85,615	175,862	404,977	1,587,231
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	At 31 December 2006	716,579	65,913	65,032	137,674	339,246	1,324,444
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MUSLIM AID

Notes to the financial statements For the year ended 31 December 2007

8. Inventories

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

9. Debtors

	2007 £	Restated 2006 £
Gift aid	796,653	245,615
Loan - Al Hijra school	21,000	21,000
Other debtors	541,113	252,107
	<u>1,358,766</u>	<u>518,722</u>

10. Creditors: amounts falling due within one year

	2007 £	Restated 2006 £
Other taxes and social security costs	26,011	25,553
Other creditors	748,482	1,103,859
Accruals - charitable projects	105,604	107,998
	<u>880,097</u>	<u>1,237,410</u>

11. Restricted funds and Unrestricted funds

Restricted funds

	As at 1 January £	Prior year adjustment £	As at 1 January £	Income £	Expenditure £	Transfers £	As at 31 December £
Shelter and Infrastructure	-	675,526	675,526	1,528,327	2,317,941	114,228	140
Qurbani/Ramadan	-	-	-	948,227	876,607	13,815	85,435
Emergency	-	-	-	4,706,425	2,915,995	(5,249)	1,785,181
Education	-	-	-	1,793,170	1,714,675	24,018	102,513
Rainbow family	-	-	-	285,725	269,463	4,189	20,451
Water and sanitation	-	-	-	215,744	160,254	-	55,490
Economic Empowerment	-	-	-	274,302	286,349	52,362	40,315
Capacity building	-	-	-	-	-	-	-
Healthcare	-	-	-	7,825,607	7,579,572	486	246,521
	<u>-</u>	<u>675,526</u>	<u>675,526</u>	<u>17,577,527</u>	<u>16,120,856</u>	<u>203,849</u>	<u>2,336,046</u>

Unrestricted funds

Designated fund							
Emergency relief	-	-	4,222,129	-	-	-	4,222,129
Education	-	-	500,678	-	-	-	500,678
Healthcare	-	-	657,655	-	-	-	657,655
Water & sanitation	-	-	235,695	-	-	-	235,695
Total designated funds	<u>5,616,157</u>	<u>-</u>	<u>5,616,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,616,157</u>
General fund	<u>372,325</u>	<u>1,875,801</u>	<u>2,248,126</u>	<u>3,309,178</u>	<u>3,945,315</u>	<u>(203,849)</u>	<u>1,408,140</u>
Total funds	<u>5,988,482</u>	<u>2,551,327</u>	<u>8,539,809</u>	<u>20,886,705</u>	<u>20,066,171</u>	<u>-</u>	<u>9,360,343</u>

MUSLIM AID

Notes to the financial statements For the year ended 31 December 2007

12. Net assets by funds	General £	Designated £	Total £
Tangible fixed assets	1,587,231	-	1,587,231
Net current assets	2,156,955	5,616,157	7,773,112
	<u>3,744,185</u>	<u>5,616,157</u>	<u>9,360,343</u>
13. Analysis of change in net funds	Opening balance 1 January 2007 £	Cash flow movement £	Closing balance 31 December 2007 £
Cash at bank and in hand	7,934,054	(1,981,905)	5,952,147
	<u>7,934,054</u>	<u>(1,981,905)</u>	<u>5,952,147</u>

14. **Prior year adjustment**

For the first time this year the finances of the material field offices have been consolidated into the accounts. The field offices at the end of 31 December 2005 had net assets of £852,120 and the surplus of these field offices in 2006 totalled £1,378,691. The 2006 figures have been restated to include these amounts. In 2006 and 2007 the detailed figures in the SOFA and Balance Sheet have been restated to include the details from a consolidation of these field office accounts. Each Field office is self accounting and their accounts have been audited by local auditors.

15. **Related parties**

A number of Trustees were Trustees of the Muslim Council of Britain to whom grants of £74,000 were made (2006: £100,000). No Trustees received any benefit from these grants.

16. **Taxation**

Muslim Aid is a registered charity and is exempt from taxation.

17. **Commitments**

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

	2007 £	2006 £
Within one year	1,493,349	-
	<u>1,493,349</u>	<u>-</u>

All the above expenditure will be financed by Institutional grants.

B) Obligations under operating leases:

Annual obligations under non cancellable operating leases.

	Land and buildings 2007 £	2006 £	Plant and machinery 2007 £	2006 £
Operating lease which expire:				
Between 2- 5 years	62,000	-	-	-
In greater than 5 years	-	-	-	-
	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>