

Annual Report & Accounts

1 July 2015 to 30 June 2016



Charity Registration Number 1078489

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Report of the Trustees for the year ended on 30th June 2017

The trustees present their report with the financial statements of the charity for the year ended on 30th June 2016. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Reference and administrative details

Charity Registration Number 1078489

Principal address 29 Church Hill
London E17 3AB
United Kingdom

Trustees M Hassan
R Gul
A Raje
M Shabbir
S Sajid-Iqbal
M Alam
M H Durrani

Auditors J R Accounts Compilations
Chartered Certified Accountants & Statutory
Auditor
164-166 High Road, Ilford IG1 1LL

Solicitors Carter-Ruck
76 Shoe Lane, London EC4A 3JB

Principal bankers Natwest Bank Plc
201 High Street, London E17 7LL

Structure, Governance and Management

Governing document

The charity is a Trust and is governed by its Trust Deed dated 1 June 1999. The Board of Trustees of the charity is responsible for the overall operations of the charity. New trustees are appointed by majority decision of the Board. Normally trustees are people who already have an existing involvement with, and knowledge of, the charity. Induction meetings for new trustees are held prior to their first Board meeting.

The Board of Trustees meets quarterly. Other ad hoc meetings and telephone conferences involving either the whole Board or selected members of the Board are also held as required. Following a Trustees meeting in March 2014, subcommittees for the both fundraising and programmes have been set up.

Office bearers are responsible for the day to day running of the charity and manage the staff and volunteers of the charity on behalf of the trustees.

Risk management

The major risks, to which Islamic Aid is exposed, are identified and reviewed by the trustees as part of the annual risk review process. Appropriate systems and procedures are in place to manage these risks and provide reasonable but not absolute assurance against occurrence.

The main risks identified, together with the methods adopted to manage them are summarised below and have not significantly altered since last year's report:

Governance risk

The organisation needs to ensure that appropriate corporate governance structures and practices are in place, to reduce the risk of organisation failure and support the long term survival and success of Islamic Aid. The Board regularly reviews the policies and structure in order to ensure that they meet accepted good governance standards.

Continuity of funding

The organisation has no guaranteed income. If it is to continue its work it is entirely dependent on the goodwill of the public. In order to reduce the risk of significant fluctuations in income the organisation aims to foster public commitment to the developing world and geographically diversify sources of income. It has also set aside a portion of its £2.7 million of reserves to reduce disruption in the event of a temporary fall in income.

Effectiveness of expenditure

Islamic Aid needs to be able to demonstrate that it is able to use resources effectively in order to achieve lasting results. Systems have been put in place to monitor work quality.

Fraud or error

Significant errors or fraud could severely damage the charity's reputation as well as resulting in the loss of resources. The charity has developed financial controls and reporting systems to mitigate this risk.

IT security and continuity

In common with many organisations we are dependent on information which is stored electronically, the loss or damage of these systems would severely disrupt operations. We have developed detailed IT policies and procedures designed to counter this risk.

The board is however satisfied that systems are in place to monitor, manage, and mitigate Islamic Aid exposure to major risks and all data is fully backed up and secured.

Grant-making Policy

Grant-making is governed strictly by partnership and funding agreements. Islamic Aid's decision to allocate funds is determined solely on the basis of need, the individual merit of each project and the ability of the partner organisation applying for the grant to deliver. All documentation, including the Funding agreement is revised periodically to take into consideration changes in the law and the situation in Islamic Aid's areas of operation. Changes are made where necessary and local partners are required to complete and return a signed copy of the new agreement.

Objectives and Activities

Objectives and aims: Islamic Aid continues to focus in the area of education, healthcare, livelihoods and emergency relief. Islamic Aid's strategic geographical focus remained Pakistan, Palestine, India, Somalia, Sri Lanka, Bangladesh and Afghanistan. Islamic Aid also responds to disasters wherever they occur. Our work continues to grow and new partnerships are developed.

Our vision - for change: Islamic aid seeks a world where poverty and suffering have been overcome and people live in dignity.

Our mission - what we do: Our mission is to make immediate and lasting improvements to the lives of people affected by poverty, war and disaster.

In this mission, our work for the alleviation of poverty is carried out through seven complementary activities:

Education: improving access to learning;

Healthcare: improving access to and the quality of healthcare;

Livelihoods: promoting income generation to improve economic well being;

Emergency relief: provision of food, water, medicines and shelter in times of crisis.

Social welfare: aimed at the poorest in the society.

Our values

Equality: We believe the lives of all human beings are of equal value.

Respect: We affirm the dignity, potential and contribution of participants, donors, partners, staff and volunteers.

Integrity: We act consistently with our mission, being honest and transparent in what we do and say.

Partnerships: We work together effectively to serve the larger community.

Quality: We constantly challenge ourselves to the highest levels of learning and performance to achieve greater impact.

Achievement & Performance

Review of financial performance

Our overall objectives in relation to fundraising was to maximise the amount of voluntary income raised and to ensure that we did so at a reasonable cost:income ratio. Our income for the year was £4,200,168 (2015 - 3,679,549) . Our direct charitable expenditure during the year was £3,323,313 (2015 - £2,997,890).

Review of development activities

The Trustees are satisfied with the continued progress and development of the Charity. The Charity was established in December 1999 to help alleviate poverty and the Trustees are satisfied that the focus of the work meets this criteria.

Islamic Aid is focusing on organisational development aimed at increasing investment in our long term development projects focused on a few countries and further improve our capacity to provide relief when disasters strike.

Public Benefit

The Board of Trustees confirms that they have referred to the guidance on public benefit contained in documents produced by the charity commission, when reviewing the aims and objectives of the charity and planning future activities.

Financial Review

Reserves policy

The Trustees recognise the need to have reserves in place to ensure the continuation of our work in the event of an unforeseen downturn. This is particularly true for a young charity like Islamic Aid, which is going through a period of growth, where reliable income streams are being established.

Trustees are also conscious of the need to balance the necessity for reserves with our efforts for providing value for money and maximising the resources available for our programmes. To this end, we try to achieve reserve for at least twelve months of total annual budget, which means reserves of up to £2.7 million.

The unrestricted and undedicated funds are £3,708,200 (2015 - £3,303,223) We have continued efforts to maintain Waqf funds, to ensure enough funds are available for the establishment and running of longer term development projects, like schools, hospitals etc. (Waqf is an Islamic term and is like endowment, and can either be spent on projects for public benefits or could be invested and income used to run such projects). Waqf funds total at the end of the current year was £2,700,000 (2015 - £2,700,000).

Statement of Trustees Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

Approved by order of the board of trustees on 23 April 2017 and signed on its behalf by:



Mahmood Hassan, Chairman

Report of Independent Auditor to the Trustees of Islamic Aid

I have audited the financial statements of Islamic Aid for the year ended 30 June 2016 on pages seven to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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. My audit work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees Responsibilities set out on page four, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

I have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information

that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2016 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Charities Act 2011 requires me to report to you if, in my opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.



J R Accounts
Chartered Certified Accountants & Registered Auditors
Eligible to act as an auditor in terms of Section 1212
of the Companies Act 2006
164-166 High Road
Ilford Essex IG1 1LL

24 April 2017

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For the year ended on 30 June 2016

	Notes	Unrestricted Fund £	Restrict ed Fund £	Endowment Fund £	30.06.2016 £	30.06.2015 £
Incoming Resources						
Voluntary Income	2	3,714,184	-	-	3,714,184	3,156,650
Investment Income	3	62,909	-	-	62,909	99,444
Other Income		423,075	-	-	423,075	423,455
Total Incoming Resources		4,200,168	-	-	4,200,168	3,679,549
Resources Expended						
Generating Funds	4	202,883	-	-	202,883	207,154
Charitable Costs	5	3,511,298	-	-	3,511,298	2,997,890
Support Costs		54,849	-	-	54,849	69,603
Governance costs	8	26,161	-	-	26,161	17,221
Total Resources Expended		3,795,191	-	-	3,795,191	3,291,868
Net Incoming Resources		404,977	-	-	404,977	387,681
Reconciliation of Funds						
Total Funds Brought Forward		3,303,223	-	2,700,000	6,003,223	5,615,542
Total Funds Carried Forward		3,708,200	-	2,700,000	6,408,200	6,003,223

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For the year ended on 30 June 2016

	Note s	Unrestricted Fund	Restrict ed Fund	Endowm ent Fund	30.06.201 6	30.06.201 5
Fixed Assets		£	£	£	£	£
Tangible assets	10	337,721	-	-	337,721	336,347
Current assets						
Debtors	11	732,621	-	-	732,621	2,833,288
Investments	12	-	-	2,700,000	2,700,000	2,700,000
Cash at bank/in hand		3,419,642	-	-	3,419,642	164,454
		4,152,263	-	2,700,000	6,852,263	5,697,742
Creditors						
Current creditors	13	(781,784)	-	-	(781,784)	(30,866)
Net Current Assets		3,370,479	-	2,700,000	6,820,479	5,666,876
Total Assets Less Current Liabilities		3,708,200	-	2,700,000	6,408,200	6,003,223
Net Assets		3,708,200	-	2,700,000	6,408,200	5,615,542
Funds	14					
Unrestricted funds					3,708,200	3,303,223
Endowment funds		-	-	-	2,700,000	2,700,000
Total Funds		-	-	-	6,408,200	6,003,223

The financial statements approved by the Trustees on 23 April 2017 and signed on its behalf by:

Mahmood Hassan, Chairman

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For the year ended on 30 June 2016

1 Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Charities Act 2011 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

The fundraising and advertising cost are equally apportioned between cost of generating voluntary income and direct cost of charitable activities.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	Computer equipment	25% on reducing balance
		25% on reducing balance

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the

financial statements.

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For the year ended on 30 June 2016

2	Voluntary Income	30.06.2016	30.06.2015
	Voluntary donations	£ 3,714,184	£ 3,156,650
3	Investment Income	30.06.2016	30.06.2015
	Return on deposits	£ 62,909	£ 99,444

4 **Trustees Remuneration and Benefits**

There were no trustees' remuneration or other benefits for the year ended 30 June 2016 nor for the year ended 30 June 2015.

Trustees' expenses

Trustees were reimbursed by £2,044 for travel expenses incurred for the year ended 30 June 2016. (2015 : £1,812)

5	Staff Costs	30.06.2016	30.06.2015
	Wages and salaries	£ 21,232	£ 17,042

The average monthly number of employees during the year was as follows:

	30.06.2016	30.06.2015
Fund raising and support	7	4

No employees received emoluments in excess of £60,000.

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For the year ended on 30 June 2016

6 Tangible Fixed Assets

	Long Leasehold	Propert y Repairs	Fixtures & Fittings	Computer Equipment	Total
Cost	£	£	£	£	£
At 1 July 2015	302,027	31,081	2,691	16,295	352,094
Additions	-	-	2,911	-	2,911
At 30 June 2016	302,027	31,081	5,602	16,295	355,005
Depreciation					
At 1 July 2015			2,501	13,246	15,747
Charge for year			775	762	1,537
At 30 June 2016			3,276	14,008	17,284
Net Book Value					
At 30 June 2016	302,027	31,081	2,326	2,287	337,721
At 30 June 2015	302,027	31,081	190	3,049	336,347

7 Debtors : Amounts Falling Due within One Year

	30.06.2016	30.06.2015
Other Debtors	133,66	227,602
Tax Reclaimable	419,331	2,403,227
Prepayments and accrued income	179,627	202,459
	732,621	2,833,288

8 Current Asset Investment

	30.06.2016	30.06.2015
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WAQAF Funds 2,700,000 2,700,000

Funds allocated to WAQF for the year ended 30 June 2016 are £2.7 million as per resolution passed by the trustees.

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For the year ended on 30 June 2016

9	Creditors; Amounts Falling Due within One Year	30.06.2016	30.06.2015
	Trade creditors	12,131	-
	Credit card	4,533	1,222
	Social security and other taxes	-	1,624
	Other creditors	750,000	-
	Accrued expenses	15,120	28,020
	Total	781,784	30,866

Within other creditors an amount of £750,000 is payable to Islamic Aid Pakistan. This amount was paid post year end.

10	Movement of Funds	At 30.6.15	Net Funds Movement	At 30.6.16
	Unrestricted Funds			
	General Funds	3,303,223	404,977	3,708,200
	Endowment Funds			
	Designated Funds	2,700,000		2,700,000
	Total Funds	6,003,223	404,977	6,408,200

Net movement in funds. included in the above are as follows:

	Incoming Resources	Resources Expanded	Movement in Funds
	Unrestricted Funds		

General Funds	4,200,168	(3,795,191)	404.977
Total Funds	4,200,168	(3,795,191)	404.977

11 Related Party Disclosure

Islamic Aid Pakistan and Islamic Aid USA were related parties during the year. Mr M Hassan and Dr M H Durrani are trustees of Islamic Aid Pakistan as well as Islamic Aid. Mr M Hassan and Mr M Shabbir are on the board of Islamic Aid USA as well as been trustees of Islamic Aid.

Both Islamic Aid Pakistan and Islamic Aid USA are locally registered in their respective countries as independent legal entities.

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For the year ended on 30 June 2016

	30.06.2016	30.06.2015
	£	£
Incoming Resources		
Voluntary donations	3,714,184	3,156,650
Investment Income	62,909	99,444
Tax reclaimable	423,075	423,455
Total incoming resources	4,200,168	3,679,549
Resources expanded		
Cost of generating voluntary income		
Wages	10,405	8,547
Advertising and fundraising	192,478	198,607
Charitable Activities		
Education and learning	432,678	339,236
Healthcare	2,072,429	2,058,000
Income generation	155,455	50,500
Qurbani and Aqiqah	43,351	57,869
Children and women welfare	283,574	378,000
Water and sanitation	56,328	75,000
Emergency relief	1,08,560	11,250
Special Eid programme	20,985	28,035
Livelihoods	337,828	-

This page does not form part of the statutory financial statements

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For the year ended on 30 June 2016

	30.06.2016	30.06.2015
Governance costs	£	£
Accountancy fee	11,051	9,420
Auditors fee	7,200	6,000
Legal fee	4,584	-
Other governance costs	3,326	1,801
	26,161	17,221
Support Costs		
Management		
Wages	10,830	8,495
Water & rates	3,401	3,274
Insurance	1,626	-
Light & heating	504	1,150
Postage & stationery	4,453	12,143
Membership & Subscription	705	-
Repairs & maintenance	185	7,960
Fixtures & fittings	775	63
Computer equipment	762	1,016
	23,241	34,101
Donation processing charges	23,173	26,705
Communication & IT	6,501	6,985
Travelling	2,044	1,812
Total Resources expanded	3,705,191	3,291,868
Net Income	404,977	387,681

This page does not form part of the statutory financial statements

