



**National Zakat
Foundation**

NATIONAL ZAKAT FOUNDATION (NZF)

**Report of the trustees and financial statements
for the year ended 31 December 2017**

A company limited by guarantee
Charity number: 1153719
Company number: 08536743

NATIONAL ZAKAT FOUNDATION (NZF)
FOR THE YEAR ENDED 31 DECEMBER 2017

Contents

Objectives and activities	1
Achievements and performance	3
Financial review.....	5
Principle risks and uncertainties	7
Structure, governance and management	8
Reference and Administrative Details	12
Trustees' Responsibilities	13
Independent Auditor's Report to the Members of National Zakat Foundation (NZF) ..	15
Statement of Financial Activities.....	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements.....	22

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE TRUSTEES

The Trustees present their report and the financial statements for the period ended 31 December 2017.

Objectives and activities

Zakat is the third of five pillars in Islam. Zakat, an Arabic word, means growth, blessings, purification and development. Zakat is a minimum compulsory financial contribution; a pillar is that which upholds and provides stability; Islam is devotion to God.

Through Zakat, those who are devoted to God, and who can afford to do so, make a minimum, compulsory, financial contribution on an annual basis towards the preservation and growth of devotion to God in society. Muslims liable for Zakat pay a fixed portion of their qualifying wealth - typically 2.5%.

The vision of National Zakat Foundation (NZF) is a faithful confident, selfless and self-sufficient Muslim community in the United Kingdom.

NZF's mission is to provide an end-to-end Zakat service for Zakat payers and recipients within the United Kingdom.

NZF distributes Zakat within a lunar year of Zakat payers' payment to NZF - on average NZF distributes Zakat within five to six months.

a) Services for Zakat Recipients

The aim of the Services for Zakat Recipients is for no person in the UK who is eligible to receive Zakat to be abandoned or have their needs unfulfilled. The services for Zakat Recipients are the distribution of funds to those who are eligible to receive Zakat across the UK.

Serving Zakat recipients means using Zakat funds to support eligible recipients in meeting their essential needs as well as helping them to become self-sufficient. In 2017, the Services to Zakat Recipients included Zakat grants to individuals and families in financial distress with the aim of achieving self-sufficiency for the beneficiary, funding four supported housing projects for single homeless women and ex-offenders. NZF also began investing in leaders in hardship.

NZF's Services to Zakat Recipients are unique, involving hardship grant distribution using Zakat funds. Grants cover emergencies, poverty relief and longer-term support. Each individual beneficiary's case is understood, examined and supported in a tailored fashion. The charity's distribution team comprise caseworkers who are knowledgeable about the core rules and regulations relating to Zakat distribution and its application, with experience and knowledge relating to rules of welfare benefits and other relevant

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

areas. This setup enables grants to be administered in the most impactful way: NZF's caseworkers' experience in determining Zakat eligibility as well as directing funds in the most appropriate and transformational manner is vital to ensure that Zakat funds are achieving the best possible outcome. This setup also ensures Zakat funds are used to complement rather than replicate the existing welfare system.

Case study: Nour

Nour, a single mother with three children, lives in the UK. Her income was so low that she had got herself in a downward spiral of debt. NZF gave her food vouchers and importantly enabled her to access debt advice. She managed to cut her monthly expenses by a third. She was able not only to pick herself up and live sustainably, but also volunteer to lead events for the local community.

In 2017, the key technical criterion that was applied to assess an individual's eligibility to receive Zakat was the value of their net Zakatable assets. Eligible individuals were supported who had net Zakatable assets below the value of the silver Nisab (the measure above or equal to which one would be obligated to pay Zakat - the average value during 2017 was approximately £253).

Prior to assessing a full application, NZF provided emergency funds up to £300. Applicants then completed a full application form which in 2017 was available online, downloadable or in person. Applicants provided supporting evidence of their net Zakatable assets.

In addition, the charity's supported housing projects provided essential support for vulnerable people.

In late 2017, NZF piloted its Muslim Leaders Development Fund. Eligible Zakat recipients included individuals in leadership roles who found themselves in hardship and who had the ability to provide guidance, inspiration and service to the Muslim community. Supporting them was intended to facilitate the continuation of their work in the community.

These services are described in further detail in the 'achievements and performance' section.

b) Services for Zakat Payers

The Services for Zakat Payers are education, calculation and collection for those who are liable to pay Zakat. Serving Zakat payers means providing services in relation to Zakat education and calculation, as well as providing the opportunity to Zakat payers to have their Zakat collected so that it may be distributed locally within the UK to eligible recipients.

The aim of these services is for the UK Zakat payers to understand their Zakat obligation in such a way that Zakat payers have an appreciation for its spiritual and societal significance and impact. Other aims are: for Zakat payers to calculate their Zakat accurately; and for Zakat payers to have the opportunity to pay their UK Zakat within the UK in a way that reaches eligible recipients.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Services are provided through: publications; online content; online, radio and in-person workshops; and online and in-person collection. The objective for 2017 was to expand each of these services.

Usage of Zakat and non-Zakat funds

The 2017 Zakat distribution policy relating to usage of funds was as follows:

- 75-80% on grants to eligible individuals and families in need.
- 10-15% on four supported housing projects for homeless women and ex-offenders.
- Up to 10% for the salaries of the caseworkers whose role it is to administer Zakat. This helps ensure that NZF is sufficiently resourced to distribute with maximum impact the Zakat with which it is entrusted.

Non-Zakat funds were used to cover services for Zakat payers and salaries and costs associated with marketing, governance and support (including office rent, utilities and other expenses in running the organisation).

Achievements and performance

a) Services for Zakat Recipients

Since NZF began in 2011, NZF has helped over 7,500 individuals and their families and has distributed over £8m in Zakat grants. During the seven years of distributing Zakat to Muslims in the UK, National Zakat Foundation has had to adapt to: increases in Zakat income, new challenges faced by the believing community, growing demand for grants, and a developing understanding of the rulings and purpose of Zakat brought about by deep insights from both text and context.

In 2017, NZF distributed £3.5m of Zakat, of which £0.4m was spent on Supported Housing Projects. (NZF held £1.9m of Zakat funds at the end of 2016.) NZF received between 250 and 350 individual applications for support each month. Through NZF's Services to Zakat Recipients, NZF supported 2,594 individuals in poverty.

Amongst the beneficiaries were those suffering from homelessness, food and fuel poverty, victims of domestic violence, single mothers, new Muslims, the elderly and the incapacitated. NZF met an increase in demand for its services from refugees and asylum seekers. Many of these referrals came to NZF from reputable charities such as Refugee Council, Refugee Action, British Red Cross and Freedom From Torture.

In January 2017, NZF opened its new London-based Zakat Centre to the public: for the first time, NZF had a drop-in centre for Muslims in hardship, so applicants now had the option of applying online or applying in person. (The Zakat Centre is also a drop-in centre for payers as well as acting as the head office.)

NZF continued to fund and oversee its four Supported Housing Projects, with 322 vulnerable residents in total having benefited from these unique services since they

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

began. NZF supported 35 Muslims at any one time within the Supported Housing Projects. The four projects are:

- Muslim Women's Project, South London, commenced October 2012, 14 beds for single homeless women; operated by St Mungo's Broadway.
- Date Palm Project, North London, commenced June 2014, 8 beds for young male ex-offenders; operated by St Mungo's Broadway.
- Birmingham Muslim Women's Project, commenced January 2013, 8 beds for single homeless women; operated by Trident Reach.
- Manchester Muslim Women's project, commenced September 2014, 5 beds for single homeless women; operated by Threshold Housing Project.

In addition, NZF supported families in the Grenfell tragedy, and co-ordinated the Grenfell Muslim Response Unit for survivors' ongoing needs. Funds for this programme came through sadaqah, fundraising, and a grant from the Evening Standard.

In late 2017, NZF began investing in individuals with the ability to provide guidance, inspiration and service to the Muslim community, and by extension, society: NZF launched the Muslim Leaders Development Fund (MLDF), supporting 27 awardees with grants to enhance their work in the community; NZF also issued grants to scholars and community activists to enable them to increase their impact.

b) Services for Zakat Recipients

Total Zakat income in 2017 was £3,218,819 (2016: £2,508,073).

NZF provided Zakat payers with many ways to help ensure they paid the right amount of Zakat. NZF held over 200 online, radio and in-person workshops in 2017. NZF provided online content explaining the principles and detail of Zakat, an online Zakat calculator, and Zakat publications available online and in hard copy (Zakat guide, How to make up for missed Zakat, Paying Zakat on pensions, and Paying Zakat for a business)

NZF provided Zakat payers with many avenues to ensure safe and secure Zakat collection. Payments were made through online donations via the website, direct bank transfers, by post, and in person at the Zakat centre, through mosque collections, and at Al Rayan bank branches. Al Rayan Bank again selected NZF as their Zakat Partner.

c) Plans for future periods

In the light of a deeper and broader understanding of Zakat, NZF is relaunching its vision and mission in 2018. NZF is redefining its vision: NZF's vision is for Islam to flourish in society as a source of prosperity and harmony for all. NZF's mission is to distribute Zakat transformatively within the UK. It is the only UK institution dedicated to this aim.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Services for Zakat Recipients are to be known as Programmes. There will be two Programmes: the Economic Empowerment Programme for those in hardship and the Community Development Programme for cultivating leadership.

To increase the transformative impact of the Economic Empowerment programme - to ensure as many people in poverty as possible benefit from Zakat distribution, and to ensure they benefit as deeply as possible - NZF has taken the decision to redirect funding away from the Supported Housing Projects. From discussions with Supported Housing partners, NZF anticipates most if not all will continue to operate, through alternative funding sources; this takes effect from July 2018. NZF will distribute Zakat to all eligible individuals in need, through one-to-one financial support and advice.

Through promoting NZF's services to mosques, NZF hopes additional mosques will become aware of NZF's Economic Empowerment programme for those in poverty, and that mosques will refer applicants to NZF and support them in their application. This will ensure that NZF's programme will be accessed by more people in hardship throughout the country. NZF will also continue to develop networks to ensure beneficiaries can draw on a wider source of support.

Investing in the leadership needs of the community through the Community Development Programme is a new area of work for NZF, that is expected to be no more than £600k in total value. Based on the fourth and seventh categories of Zakat distribution, NZF will be funding critical people, organisations and projects which contribute to the overall vision. NZF will be supporting individuals and organisations that improve public perception, religious scholarship and literacy, and/or effective representation. Assessment criteria will include assessment of leadership capacity and assessment of project impact.

NZF plans to focus on improving the effectiveness of the Programmes by consulting with senior management, staff, Board members and beneficiaries to ensure NZF's Zakat distribution is transformative: best meeting the needs of those in poverty, as well as fulfilling the strategic leadership needs of the community.

The charity expects Zakat income in 2018 to be flat at £3.2m, rather than continuing its growth trajectory. This expectation is in the light of flat wage growth; an increasing number of NGOs seeking Zakat from UK Zakat payers; and Zakat payers' initial adjustment to a changing strategy.

For Marketing and Fundraising, NZF plans to develop a more focussed online presence, enabling effectiveness to be measured, within a leaner and more sustainable financial model. The organisation's resource model in terms of staffing and other expenditure will be aligned in the most efficient way to achieve this goal.

Financial review

NZF's work is reliant on Zakat payments, charitable donations, Gift Aid and grants.

In 2017, the charity generated total voluntary income of £4,929,383 (2016: £3,421,025). Total expenditure was £4,759,980 (2016: £2,740,330). The charity had net incoming resources in 2017 of £185,840 (2016: £699,550). Total funds carried

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

forward were therefore £2,156,962 (2016: £1,971,122), of which restricted funds were £1,645,080 (2016: £1,876,518).

Restricted income consisted primarily of Zakat payments and grants. The main source of restricted income was Zakat payments, comprising £3,218,819 (2016: £2,508,073). The majority of Zakat payments received were one-off as opposed to regular donations. Approximately 80% of the payments were received in Ramadan. All Zakat is distributed within one lunar year of collection, from the date of receipt. Since Ramadan falls in the middle of the Gregorian calendar year, there is typically a large gap between Zakat income and expenditure in the accounting period.

Restricted income for the purpose of supporting families in the Grenfell tragedy comprised of Evening Standard Grant income of £105,000 and Grenfell Muslim Response Unit (GMRU) income of £174,961.

£881,328 of unrestricted Sadaqah funds were received in the year which, along with £502,437 of Gift Aid, were critical to cover the core costs of the charity. Throughout the year, NZF continued its effort to raise non-Zakat funds to support the work of the organization - this effort made a vital contribution to enabling NZF to grow and continue towards achieving its vision.

Of the £3,521,099 of Zakat distributed in 2017, 80.9% being £2,849,292 was spent on individual grants and 10.0% being £350,481 on supported housing projects. 9.1% being £321,326 was used to help cover the direct costs of distribution.

As part of supporting families in the Grenfell tragedy, an Evening standard Grant amounting to £105,000 in total was distributed to families. The Grenfell Muslim Response Unit (GMRU) distributed a further £104,118 for survivors' ongoing needs.

Governance and support costs of £397,456 were incurred during the year. These were covered entirely by non-Zakat funds and equated to just over 8% of total spending.

Fundraising

All fundraising activities for the charity are carried out by the charity's staff. The charity does not use professional fundraisers or have any commercial participators. All fundraising activities are managed by the Head of Zakat Collection and are monitored by the CEO, with overall oversight by the members of the Board.

The charity is registered with the Fundraising Regulator and is committed to adhering to the Code of Fundraising Practice. The charity considers that it has set appropriate standards for the operation and management of its fundraising activities. The charity considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

No complaints relating to fundraising activities have been received by the charity during this financial period.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

However, the charity has in place procedures that would be followed in the event of a complaint being received. The initial response would be the responsibility of the Head of Zakat Collection. Any continuing issues would then be passed to the Board to determine what further action might be required.

Principle risks and uncertainties

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks.

Trustees consider the major risks to be:

- Financial:

Insufficient generation of non-Zakat funds to cover part of programme spend and all of the organisation's core costs, therefore affecting its ability to grow and meet the needs of eligible UK Zakat recipients.

This risk is being mitigated by ensuring that Zakat is being used to fully cover Zakat programmes. In addition, historically, sufficient non-Zakat funds including Gift Aid have been generated to cover core costs. The organisation's strategy and its key elements (e.g. budgetary review, cash resources and cashflow forecasting) are subject to regular management review, supported by operational updates and key operational metrics.

- People:

The risk of the departure of the CEO resulting in failure to attract, motivate and retain the most talented colleagues and failure to develop the required culture, leadership and behaviours to achieve our business objectives.

This risk is being mitigated with the continued development of a Senior Management Team and with recruitment policies and processes to attract and retain the best people. Our people are our most valuable asset. We continue to manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development through our Enabling Excellence Function. Staff training has been put in place, with plans for the Zakat distribution team additionally to benefit from counselling support.

- Technology:

A failure of key IT systems or IT infrastructure results in loss of information, inability to operate or regulatory breaches.

This risk is being mitigated through controls. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include constant improvements

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

to NZF's technological capabilities for example, with the upgrade of our CRM system. This area is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately.

- Third party:

The risk of incidents that damage reputation and/or negatively impact operations (including suppliers, GDPR, and recipients of grants). This risk is being mitigated by ensuring NZF is well-prepared for GDPR, with systems in place which will be well above the minimum standard required. In addition, recipients of grants are carefully assessed to ensure appropriateness, eligibility and impact, with Board involvement where amounts are significant.

Trustees continue to ensure that these and other risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year.

Structure, governance and management

Reserves policy

The Trustees have reviewed the reserves of the charity.

At the beginning of 2017, substantial non-Zakat funds were raised to improve the financial health of the organisation and ensure that sufficient funds were generated beyond the initial reserves level. The charity's total funds at the year end amounted to £2,156,962, of which £511,882 were unrestricted and £1,645,080 were restricted i.e. not available for general purposes.

The Trustees consider that unrestricted reserves are equal to three months of core costs (salaries, office charges and basic marketing efforts) and that these are sufficient for this purpose at the current time and in line with reserves policy. There are no material amounts designated or otherwise for the reporting period.

The restricted reserves amounted to £1,645,080, largely comprised of Zakat funds for distribution as individual or organisational grants in relation to the supported housing projects.

Going Concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future. The Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Public Benefit Statement

The Trustees confirm that they have complied with the duty under Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; that there is no detriment or harm arising from any of the activities.

The Trustees confirm that the work of the charity is in line with its objects. NZF supports Zakat recipients to relieve their financial hardship, through financial grants and through paying for items and services that meet their needs. NZF supports Zakat recipients to develop their capacity and skills to be able to identify and meet their own needs, and – for leaders in the community – the needs of wider society. In addition, NZF supports Zakat payers through education, calculation and collection services to enable them to understand the principles of Zakat and to pay their Zakat effectively and efficiently.

Trustees

NZF is governed by its Board of Trustees. The Trustees are also Directors of NZF for the purpose of company law. The Board is currently made up of six members. The Trustees who served during the period and up to the date of this report are set out on page 12.

Trustees are recruited based on relevant expertise - skills, experience and qualifications - and an alignment of values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive; they are then invited to attend a Trustee meeting as an observer; they are then invited to act as an Adviser to the Board for six months. After this process, the Board decides whether to recruit the Trustee.

Trustees are responsible for strategic decisions relating to direction and governance. The Trustees also assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks.

The National Zakat Foundation Trustees welcome the 2017 Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

NZF's Board has established a solid foundation in governance in which all of its Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement.

NZF has been seeking to ensure that optimal governance measures and best practice make a genuine part of the organisational learning. Since the Chairperson attended the non-executive program at Cass Business School's Centre for Charity Effectiveness, he has taken measures to share the learning from each of the modules with fellow Board members. Such efforts are a regular component of our development of an organisation, and we look forward to an ever stronger and more effective working practice.

The Governance Code provides much confidence in our current measures. NZF already applies a considerable number of the recommended practices relating to each of the Charity Governance Code's seven principles. For example, regarding Principle 2, Leadership, items 2.5.1-2.6.1 are all fully present in our current approach which includes challenging senior management in Board meetings and ensuring the charity's activities are in line with the Memorandum and Articles of Association.

The charity and its Trustees are seeking to take the time to consider the ways in which it can aspire to adopt the Code (informally or formally). We will be conducting a thorough review of current practice against the Code. This is part of the continued concern of the Trustees to constantly improve the effectiveness of the organisation.

The Chief Executive and staff make operational decisions and run the charity. The Chief Executive or Line manager (as appropriate) sets and agrees objectives with staff to ensure that the strategic objectives of the charity are being met.

Staff remuneration

The Board determines the salary of the Chief Executive. The Chief Executive proposes the salaries of the management team to the Board, which approves/amends as appropriate. In 2017, the management team comprised: CEO, Head of Finance, Head of Enabling Excellence (HR), Head of Zakat Services to Recipients – Individual Relief, Head of Zakat Services to Recipients - Community Development, and Head of Zakat Collection. The Chief Executive and the senior management team agree the salaries of all other staff. Salaries are set and reviewed based on a combination: of benchmarking, seniority of the role, experience, the personal circumstances of the employee and NZF's overall budget. All salaries are reviewed in December each year, with any changes effective from the following month.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Use of volunteers

Volunteers are a valued resource in NZF's work. In 2017, NZF had approximately 25 volunteers. Volunteers have been involved in three areas: raising awareness; contributing skills; and caseworker, administration and reception support.

NZF has supporters across the country who help communicate the work of NZF, as well as professionals who contribute their time and professional skills on a pro bono or reduced cost basis.

At any one time, NZF typically has had two short-term volunteer caseworkers contributing 1-2 days per week each for an average of 3-6 months. In addition, NZF has benefited from one long-term volunteer caseworker. Volunteers are supported and trained in their roles by staff and given assistance where required.

NZF is thankful to have had this level of support from all volunteers to achieve NZF's vision.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Reference and Administrative Details

CHARITY NUMBER 1153719

COMPANY REGISTRATION NUMBER 08536743

REGISTERED OFFICE 41 Fieldgate Street
London
E1 1JU

TRUSTEES Sultan Choudhury
Sabah Gilani (appointed 19 April 2018)
Azim Kidwai (Chair)
Ibrar Majid
Tariq Surty
Muhammed Yesilhark (appointed 25
January 2017)

CHIEF EXECUTIVE Iqbal Nasim

AUDITOR Crowe U.K. LLP
St Bride's House
10 Salisbury Square
EC4Y 8EH

BANKERS Al Rayan Bank
394 Coventry Road
Small Heath
Birmingham
B16 8HN

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Trustees' Responsibilities

Statement as to disclosure of information to auditors

The Trustees (who are also directors of National Zakat Foundation (NZF) for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation

The Financial Statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NATIONAL ZAKAT FOUNDATION (NZF)
REPORT OF THE TRUSTEES (INCORPORATING THE DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2017

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Tariq Surty

Trustee

Date 20th SEPT 2018

**NATIONAL ZAKAT FOUNDATION (NZF)
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
OF NATIONAL ZAKAT FOUNDATION (NZF)**

Independent Auditor's Report to the Members of National Zakat Foundation (NZF)

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) for the year ended 31 December 2017 which comprise Statement of Financial Activity, Balance Sheet and 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 charitable company's affairs as at 31 December 2017 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

**NATIONAL ZAKAT FOUNDATION (NZF)
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
OF NATIONAL ZAKAT FOUNDATION (NZF)**

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

**NATIONAL ZAKAT FOUNDATION (NZF)
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
OF NATIONAL ZAKAT FOUNDATION (NZF)**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who are also the Directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

**NATIONAL ZAKAT FOUNDATION (NZF)
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
OF NATIONAL ZAKAT FOUNDATION (NZF)**

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date *20/9/18*

NATIONAL ZAKAT FOUNDATION (NZF)
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Financial Activities

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income:							
Donations	2	1,383,765	3,545,618	4,929,383	812,219	2,608,806	3,421,025
Investment Income	3	16,437	-	16,437	18,855	-	18,855
TOTAL INCOME		1,400,202	3,545,618	4,945,820	831,074	2,608,806	3,439,880
Expenditure:							
Expenditure on raising funds:	4	157,279	-	157,279	153,358	-	153,358
Expenditure on charitable activities:	4						
Services to Zakat payers		181,620	-	181,620	134,707	-	134,707
Services to Zakat recipients							
- Individual grants		166,164	3,426,575	3,592,739	150,139	1,475,568	1,625,707
- Supported housing		61,836	350,481	412,317	38,091	385,645	423,736
Communications and community relations		416,025	-	416,025	402,822	-	402,822
TOTAL EXPENDITURE		982,924	3,777,056	4,759,980	879,117	1,861,213	2,740,330
Net income/(expenditure)		417,278	(231,438)	185,840	(48,043)	747,593	699,550
Transfer between funds	13	-	-	-	77,197	(77,197)	-
Net movement in funds		417,278	(231,438)	185,840	29,154	670,396	699,550
Reconciliation of funds							
Total funds brought forward	13	94,604	1,876,518	1,971,122	65,450	1,206,122	1,271,572
Total funds carried forward		511,882	1,645,080	2,156,962	94,604	1,876,518	1,971,122

The statement of financial activities includes all gains and losses recognised in the year.
The results for the period derive from continuing activities.

NATIONAL ZAKAT FOUNDATION (NZF)
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2017

Balance Sheet

	Note	Total Funds 2017 £	Total Funds 2016 £
FIXED ASSETS			
Tangible assets	9	134,370	133,984
Intangible assets	9	3,894	9,930
		138,264	143,914
CURRENT ASSETS			
Debtors	10	48,161	43,973
Cash at bank and in hand		984,501	447,075
Cash held on deposit		1,099,095	1,482,658
		2,131,757	1,973,706
CREDITORS: amounts falling due within one year	11	(113,059)	(146,498)
NET CURRENT ASSETS		2,018,698	1,827,208
NET ASSETS		2,156,962	1,971,122
THE FUNDS OF THE CHARITY			
Unrestricted funds	13	511,882	94,604
Restricted funds	13	1,645,080	1,876,518
TOTAL FUNDS		2,156,962	1,971,122

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2016)

Approved by the Board on 25th Sept 2018 and signed on its behalf by:



Tariq Surty
Trustee

NATIONAL ZAKAT FOUNDATION (NZF)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Cash Flows

		2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	<u>178,315</u>	<u>636,977</u>
Cash flows from investing activities:			
Notice deposit greater than 3 months		383,563	(525,249)
Income from investments		16,437	18,855
Purchase of property, plant and equipment		<u>(40,889)</u>	<u>(142,917)</u>
Net cash provided by (used in) investing activities		<u>359,111</u>	<u>(649,311)</u>
Change in cash and cash equivalents in the reporting period		537,426	(12,334)
Cash and cash equivalents at the beginning of the reporting period		447,075	459,409
Cash and cash equivalents at the end of the reporting period	B	984,501	447,075
A. Reconciliation of net income to net cash flow used in operating activities			
Net income/(expenditure) for the reporting period		<u>185,840</u>	<u>699,550</u>
Adjustments for:			
Depreciation/Amortisation charges		46,540	13,044
Income from investments		(16,437)	(18,855)
Loss/(profit) on the sale of fixed assets		-	-
(Increase)/decrease in debtors		(4,189)	(25,955)
Increase/(decrease) in creditors		<u>(33,439)</u>	<u>(30,807)</u>
Net cash used in operating activities		<u>178,315</u>	<u>636,977</u>
B. Analysis of cash and cash equivalents			
Total cash and cash equivalents		<u>984,501</u>	<u>447,075</u>

**NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1. Legal Status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is 41 Fieldgate Street, London, E1 1JU.

1.2. Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) (effective 1 January 2016) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102)

The National Zakat Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 13.

1.3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, 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 that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

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

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

In the view of the Trustees the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

1.4. Volunteers

Overall NZF has had approximately 25 dedicated volunteers in 2017. Volunteers supported the work of National Zakat Foundation in three ways.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events, or facilitating Zakat workshops/seminars locally. In 2017, we had 5 active volunteers supporting this effort.

Contributing skills

Professionals have contributed their skills at a reduced or pro bono rate. This includes legal advice and design support.

Caseworker, administration and reception support

Volunteer caseworkers have worked with the Zakat distribution team from our office to provide assistance in the processing of Zakat applications and queries. Volunteer caseworkers have direct interaction with Zakat applicants and the role is one that provides invaluable experience of being on the front line. In 2017, at any one time NZF typically had two short-term volunteer caseworkers contributing 1-2 days per week each for 3-6 months. In addition, NZF has one long-term caseworker volunteer.

Due to the difficulty in valuation, the value of services provided by volunteers has not been included in the financial statements.

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the bank.

1.6. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of raising funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1.7. Support cost allocation

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

1.9 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand and on deposit together with trade and other debtors £2,100,096 (2016: £1,946,233). Financial liabilities comprise accruals, loans and trade and other creditors £113,058 (2016: £130,190).

1.10 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short term investments with a maturity of greater than three months, these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that full distribution of Zakat collected occurs each year.

1.11. Tangible and Intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation.

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

Building and Refurbishment works	-	Straight line over 5 years
Fixtures, fittings and equipment	-	Straight line over 3 years
Website development	-	Straight line over 3 years

All items of expenditure greater than £500 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.12. Operating leases

The charity classifies the lease of office equipment and the office space at Zakat Centre, London as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. VOLUNTARY INCOME

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£	£	£	£
Zakat	-	3,218,819	3,218,819	2,508,073
Sadaqah & Riba	881,328	184,961	1,066,289	537,675
Zakat-ul-Fitr	-	10,050	10,050	8,324
Fidyah & Kaffarah	-	26,788	26,788	15,212
Grant	-	105,000	105,000	-
Gift Aid	502,437	-	502,437	351,741
	1,383,765	3,545,618	4,929,383	3,421,025

3. INVESTMENT INCOME

	2017 £	2016 £
Income on deposits	16,437	18,855
	16,437	18,855

4. ANALYSIS OF RESOURCES EXPENDED

Resources expended by activity

	Direct staff cost	Direct cost	Governance and Support cost	Total 2017	Total 2016
	£	£	£	£	£
Raising funds	57,784	64,718	34,777	157,279	153,358
Services to Zakat payers	94,689	7,440	79,491	181,620	134,707
Services to Zakat recipients					
- Individual grants	305,656	3,147,974	139,109	3,592,739	1,625,707
- Supported housing	22,090	350,481	39,746	412,317	423,736
Communications and community relations	173,351	138,341	104,333	416,025	402,822
	653,570	3,708,954	397,456	4,759,980	2,740,330

The figures above incorporate allocations of both direct and support staff costs as appropriate

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Resources expended by income type

	Zakat £	Zakat- ul-Fitr £	Fidyah & Kaffarah £	Restricted Sadaqah £	Unrestricted £	Total 2017 £	Total 2016 £
Raising funds	-	-	-	-	157,279	157,279	153,358
Services to Zakat payers	-	-	-	-	181,620	181,620	134,707
Services to Zakat recipients							
- Individual grants	3,170,618	10,050	26,788	219,119	166,164	3,592,739	1,625,707
- Supported housing	350,481	-	-	-	61,836	412,317	423,736
Communications and community relations	-	-	-	-	416,025	416,025	402,822
	3,521,099	10,050	26,788	219,119	982,924	4,759,980	2,740,330

Included in Zakat expenditure is £321,325 (2016 £177,762) relating to staff costs and consultancy fees. This represents 9.1% of Zakat expenditure to fund the effective administration of Zakat distribution activities.

Individual grants include Evening Standard grants of £105,000, GMRU grants of £104,118 and Restricted Sadaqah spend of £10,000.

5. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

Governance costs

	2017 £	2016 £
Office administration	74,478	63,915
Office services	231,232	109,730
Licence fee	24,000	30,000
Governance	67,746	80,495
Total	397,456	284,140

Support costs

	2017 £	2016 £
Audit fees	12,000	9,600
Auditor fees for non-audit services	2,273	4,691
Other professional fees	6,288	46,954
Staff costs	47,185	19,250
Total	67,746	80,495

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

During 2016, Other professional fees consisted of Zakat Centre acquisition legal fees, external accountancy services, staff training and development fees. In 2017, Officer Services increased due to a full year of Zakat Centre Operations.

6. NET INCOMING RESOURCES

	2017	2016
	£	£
Net incoming resources for the period is stated after charging:		
Depreciation and other amounts written off fixed assets	46,539	13,044
Operating lease charges	69,780	29,764
Auditors remuneration (Including VAT):		
- Audit fees	12,000	9,000
- Non-audit fees	2,273	4,691

7. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

Employment costs:	2017	2016
	£	£
Wages and Salaries	696,589	529,879
Social security costs	66,994	46,665
	763,583	576,544

No Employee had employee benefits in excess of £60,000 (2016: nil)

Staff costs exclude amounts paid to external consultants in the year £41,335 (2016: £19,923)

The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2016: £nil) In 2017 one trustee was reimbursed £99 for travel expenses during the year, (2016: £587). No charity trustee received payment for professional services or other services supplied to the charity (2016: £nil)

The key management personnel of the charity comprise the CEO, Head of Finance, Head of Enabling Excellence (HR), Head of Zakat Services to Recipients – Individual Relief, Head of Zakat Services to Recipients - Community Development, and Head of Zakat Collection. Their employee benefits total £210,995 (2016: £209,008)

Staff numbers:

The average number of persons employed by National Zakat Foundation whether on a full time or part time basis during the period was as follows:

	2017	2016
	No.	No.
Average number of staff	25	19

8. TAXATION

The Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. TANGIBLE AND INTANGIBLE FIXED ASSETS

	INTANGIBLE		TANGIBLE	
	Website Development	Building and Refurbishment	Fixtures Fittings and Equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	18,060	121,531	20,533	160,124
Addition	-	33,450	7,440	40,890
At 31 December 2017	18,060	154,981	27,973	201,014
Depreciation/Amortisation				
At 1 January 2017	8,130	3,920	4,160	16,210
Charge for the period	6,036	23,523	16,981	46,540
At 31 December 2017	14,166	27,443	21,141	62,750
Net book value at 31 December 2017	3,894	127,538	6,832	138,264
At 31 December 2016	9,930	117,611	16,373	143,914

10. DEBTORS

	2017	2016
	£	£
Other debtors	20,659	16,500
Prepayments	23,731	16,852
Accrued income	3,771	10,621
	48,161	43,973

11. CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Other creditors	99,807	26,260
Taxation and social security	-	16,308
Loan	-	50,000
Accruals and deferred income	13,252	53,930
	113,059	146,498

The loan amount of £50,000 was repaid in full on the 30th June 2017. The purpose of the loan was injunction of the Zakat Centre in Whitechapel, which opened on the 31st October 2016.

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted Funds	Total Funds 2017
	£	£	£
Fund balances at 31 December 2017 as represented by:			
Intangible and Tangible fixed assets	138,264	-	138,264
Net current assets	373,618	1,645,080	2,018,698
	511,882	1,645,080	2,156,962
	Unrestricted funds	Restricted Funds	Total Funds 2016
	£	£	£
Fund balances at 31 December 2016 as represented by:			
Intangible and Tangible fixed assets	143,914	-	143,914
Net current assets	(49,310)	1,876,518	1,827,208
	94,604	1,876,518	1,971,122

13. ANALYSIS OF FUNDS

	1 January 2017 £	Incoming resources £	Outgoings resources £	Transfer £	31 December 2017 £
Unrestricted funds					
General funds	94,604	1,400,202	(982,924)	-	511,882
Total Unrestricted funds	94,604	1,400,202	(982,924)	-	511,882
Restricted funds					
Zakat	1,876,518	3,218,819	(3,521,099)	-	1,574,238
Zakat-ul-Fitr	-	10,050	(10,050)	-	-
Fidyah and Kaffarah	-	26,788	(26,788)	-	-
Restricted Sadaqah & Grants	-	289,961	(219,119)	-	70,842
Total restricted funds	1,876,518	3,545,618	(3,777,056)	-	1,645,080
Total funds	1,971,122	4,945,820	(4,759,980)	-	2,156,963

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. ANALYSIS OF FUNDS (CONTINUED)

Zakat, Zakat-ul-Fitr, Fidyah, Kaffarah and Sadaqah all represent funds generated from voluntary income. NZF restricts the use of Zakat for eligible Zakat claimants and programmes. The use of Zakat-ul-Fitr funds is restricted to providing cash grants for food for the poor and needy. NZF restricts the use of Fidyah and Kaffarah for programmes for the poor and needy only. The restricted Sadaqah fund is donated funds restricted to the purpose of Zakat Centre development.

	1 January 2016 £	Incoming resources £	Outgoings resources £	Transfers £	31 December 2016 £
Unrestricted funds					
General funds	65,450	831,074	(879,117)	77,197	94,604
Total Unrestricted funds	65,450	831,074	(879,117)	77,197	94,604
Restricted funds					
Zakat	1,206,122	2,508,073	(1,837,677)	-	1,876,518
Zakat-ul-Fitr	-	8,324	(8,324)	-	-
Fidyah and Kaffarah	-	15,212	(15,212)	-	-
Restricted Sadaqah	-	77,197	-	(77,197)	-
Total restricted funds	1,206,122	2,608,806	(1,861,213)	(77,197)	1,876,518
Total funds	1,271,572	3,439,880	(2,740,330)	-	1,971,122

14. OPERATING LEASE COMMITMENTS

	Building £	Office Equipment £	2017 £	2016 £
Due within 1 year	66,000	3,780	69,780	69,780
Due between 2-5 years	198,181	2,827	201,008	270,788
Due in over 5 years	-	-	-	-
	264,181	6,607	270,788	340,568

NATIONAL ZAKAT FOUNDATION (NZF)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. RELATED PARTIES

In 2017, Azim Kidwai was a Trustee of NZF and a director of NZF Worldwide. £24,000 (2016: £nil) was paid to NZF Worldwide in license fees as part of a brand licensing agreement.

Sultan Choudhury is a Trustee of NZF and an Employee at Al Rayan bank, the charity's bankers. At 31 December 2017, cash balances of £2,082,017 were held with the bank (2016: £1,927,959). NZF earned investment income of £16,437 (2016: £18,855) and paid £nil in bank charges during the year (2016: £nil).