

# Annual report and financial statements

for the year ended 31 December 2018



**National Zakat  
Foundation**



**National Zakat Foundation (NZF)**  
Charity number: 1153719  
Company number: 08536743

**Our vision is for  
Islam to flourish in  
society as a source  
of prosperity and  
harmony for all**

	Welcome	5
<b>STRATEGIC REPORT</b>	About us	9
	Impact at a glance	10
	How we helped people	11
	How we raised and spent our money	19
	Thank you	20
	Our supporter community	21
	Plans for the future	22
<b>HOW WE OPERATE</b>	Our people	26
	How we manage the money you give us	27
	Our approach to operations	28
	How we are governed	29
	How we manage our finances	31
	Our leadership team	32
	Statement of Trustees' Responsibilities	33
<b>FINANCIAL STATEMENTS</b>	Independent Auditor's Report	36
	Statement of Financial Activities	38
	Balance Sheet	39
	Statement of Cash Flows	40
	Notes to the financial statements	41

# Our mission is to distribute Zakat transformatively within the UK

## Welcome

**May the peace, mercy and blessings of God be upon you and your family.**

**With the help of God Almighty and thanks to your support, we have reached an amazing milestone: since NZF began, we have helped over 10,000 people in need with over £10 million of Zakat funds. Over a quarter of those people in need have been supported in 2018.**

### **Serving people most in need**

We have been able to assist the most vulnerable in our community to get on the path to being financially independent and feel confident about their future. It's amazing to see how this has a direct and beneficial impact on their faith in God and their sense of belonging to the Muslim community.

In the coming period, our Economic Empowerment Programme will continue to build on its past successes. We are embarking on an exciting redesign in 2019 to improve the effectiveness and efficiency of our grant-giving system for those in hardship.

### **Comprehensive Zakat distribution**

In 2018, we completed and published our Zakat Distribution Strategy. Qur'anic guidance is for Zakat to be distributed across eight categories for both individual and collective benefit. This is what makes Zakat such a comprehensive support mechanism for a community of believers.

In light of the learnings presented in our Strategy document, 2018 saw the launch of our Leadership Investment Programme. This unique element of our Zakat distribution ensures that we can do more justice to the overarching purpose of Zakat. Through the Muslim Leaders Development Fund, we supported the development of emerging leaders – our future imams, scholars and community activists. In addition, we supported service delivery, funding those already leading Muslim projects and institutions. The funding provided built upon our work piloted in this area in late 2017.

### **Always improving**

Over the years, we have made constant improvements to our strategic and operational model, borne out of a desire to ensure that we are travelling in the right direction.

We can now say with confidence that our long-term intent is both fixed and clear. We believe in the local, unified and balanced distribution of Zakat as a vital means to uphold submission to God (Islam) in our society. Our mission remains to distribute Zakat transformatively across the United Kingdom. Our vision will always be for Islam to flourish in society as a source of prosperity and harmony for all. We will continue to improve the way we work in order to achieve our vision.

### **Local Zakat – together**

We hope you are proud of all we are achieving together. The deep commitment shown to NZF by individuals and organisations across the country, our partners and our referral institutions, is inspiring. You make all our work possible. We simply could not do it without you. Thank you.



**Iqbal Nasim MBE**  
Chief Executive

**Azim Kidwai**  
Chair of Trustees

# Strategic report



# About us

Our vision is for Islam to flourish in society as a source of prosperity and harmony for all.

The purpose of Zakat is to preserve and grow commitment to God in society. Our mission is to distribute Zakat transformatively across the United Kingdom.

## A huge problem needing more urgency

In the UK, thousands of Muslims suffer from poverty.

And our leaders and institutions are poorly funded.

Thanks to the support of our donors giving Zakat locally, we have many success stories to share, from individuals through to organisations.

But there is so much more to be done.

## Achieving our vision: our strategic goals

NZF distributes Zakat to UK Muslims and institutions to make a positive and life-changing impact.

In 2018, we had the following strategic aims:

- 1. **Economic Empowerment:** To financially empower individuals in need
- 2. **Grenfell Muslim Response Unit:** To support survivors and their families to achieve normality and stability
- 3. **Leadership Investment:** To give leading institutions and emerging leaders greater capacity to provide us with solutions for the challenges we face at home, at work and in wider society
- 4. **Zakat Awareness, Education and Calculation:** To help payers pay the right amount of Zakat; to encourage payers to pay their Zakat for distribution in the UK



Impact at a glance

2,582

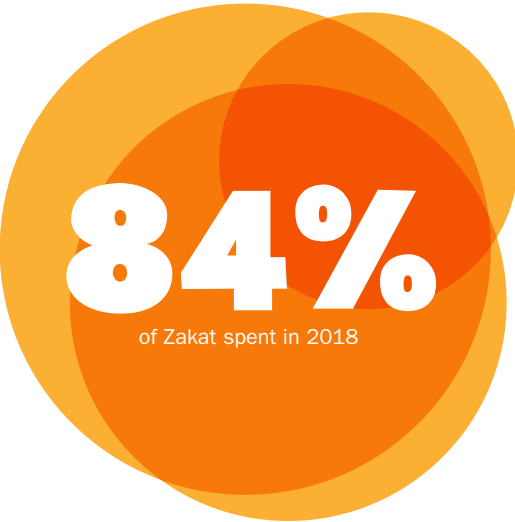
people and 11 organisations supported in 2018

10,000+

people supported since NZF began in 2011

£3.2m

of Zakat distributed



Economic  
Empowerment  
Programme

Leadership  
Investment  
Programme

How we helped people

Number of people in hardship supported in 2018



1. Economic Empowerment

We support Muslims in the UK who are in hardship, helping them turn their situation around and become financially independent. Beneficiaries become confident that they can cover the costs of food, clothing, housing and other basic living costs for at least the next three months. We believe this helps them psychologically and spiritually.

Who we helped

In 2018, we supported 2,547 people in need across the UK. We have now supported over 10,000 people since NZF began.

In 2018, we supported Muslims in need with £2.7 million of Zakat.

We spent 84% of Zakat on our Economic Empowerment Programme.

We supported those suffering from homelessness, food and fuel poverty, victims of domestic violence, single mothers, converts to Islam, the elderly and the incapacitated, refugees and asylum seekers.

Zakat recipient:  
Mubarak

An asylum seeker from Sudan, Mubarak spent many years living in the UK in limbo. He was finally granted leave to remain in the UK.

He was determined to find a job immediately, but quickly realised that his lack of qualifications would make it impossible for him to make a decent living. Benefits were barely keeping him afloat as he continued to look for work.

Mubarak heard about NZF and applied to get support for a five-day locksmith course.

NZF paid for the course in full and also supported him with his basic needs of food and rent.

Shortly after finishing the course, Mubarak secured a job he wanted and was able to come off benefits as he could sustain himself.

# How we helped people continued

### How our support works

When somebody in need applies for a Zakat grant, our experts assess their situation in detail. If we find they're eligible for NZF support, based on their situation and their financial circumstances, we then identify the best way to help.

All applications follow the same process:

#### 1. Apply

The person in hardship makes an online application via our website.

- 1. S/he applies to NZF and explains their situation.
- 2. S/he provides evidence of their identity and their situation.
- 3. S/he gives full details of their income, expenses, assets and debts.
- 4. S/he tells us how they would like NZF to help them.

Mosques, hospitals, the police and other charities – including Crisis, Refugee Council, Refugee Action and the British Red Cross – often encourage Muslims in hardship to apply for NZF's hardship grant.

#### 2. Assess

We have a team of specially trained Programme Officers who work to find the best solution to help the person in hardship. Their combined experience includes immigration law, working for the local council and Citizens Advice. Programme Officers speak to the person applying for support so they can better understand their situation; then they use this information to assess the application.

#### 3. Decide

We work with the person in hardship to identify a solution that will help them become financially independent. Sometimes, that means referring the individual to another organisation that can help them in a way more suited to their needs.

#### 4. Support

We provide comprehensive and tailored support, consisting of a financial grant, relevant referrals and advice. We award financial grants wherever we feel able to improve somebody's long-term situation. This support is used for meeting the costs of essentials such as food, shelter, clothing and travel costs. The grant also funds empowerment activities such as job training, legal costs and debt relief that help people in hardship change their future situation themselves.

"I'm almost completely out of debt, and I have everything I need to turn my life back around. I have faith that my business will be healthy again soon." Ubaid, Zakat recipient

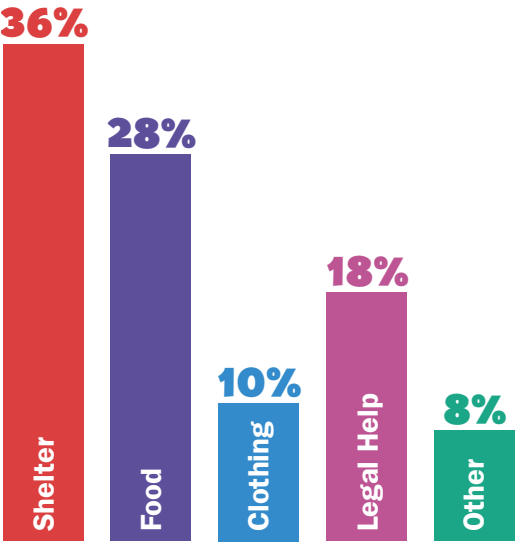
### The impact of our support

Our Economic Empowerment Programme allows us to act as a safety net for Muslims in need, offering support in a number of ways:

- We give cash grants and vouchers, so people in need are freed from their immediate financial issues.
- We offer dedicated support, so individuals feel more confident about their financial circumstances in the future.
- We help individuals feel like they belong to a caring and supportive community.
- Muslims we've supported often report a direct and beneficial impact on their faith.

In 2018, the Whitechapel, London-based Zakat Centre remained available as a drop-in centre for Muslims in hardship, so applicants had the option of applying online or applying in person. (The Zakat Centre is also a drop-in centre for payers as well as being the Head Office.)

### What your Zakat helped with



**“I’m almost completely out of debt, and I have everything I need to turn my life back around. I have faith that my business will be healthy again soon.”**

Ubaid, Zakat recipient

## 2. Grenfell Muslim Response Unit (GMRU)

NZF has co-ordinated and hosted the Grenfell Muslim Response Unit (GMRU). In 2017, GMRU supported families in the immediate aftermath of the Grenfell tragedy. After the initial emergency response, GMRU embarked on a medium-term recovery phase for those affected by the fire.

### Who we helped

In 2018, GMRU supported survivors and their families with their needs, supporting them to achieve normality and stability. GMRU supported 116 families.

“They display genuine care and concern for people. They have knowledge in many fields including legal, social, housing, funding, burial services and others. They have personally delivered things to us and others in our hotel several times.” Mohammed Rasoul, Grenfell Tower

### How we helped

GMRU's Family Representatives (family reps) identified families still in need and reached out to offer support. GMRU supported 116 families, providing culturally sensitive services with home-language support. The role of a family rep varied with each family, dependent on individual needs. Many were in temporary hotel accommodation, often with large families sharing one or two rooms, and had only just started to process the psychological trauma that was accompanying their displacement and loss.

GMRU supported families in three ways:

- Co-ordinated outstanding funerals
- Ensured practical and emotional support
- Advocated on behalf of families for housing and other services.

**“They [GMRU] display genuine care and concern for people. They have knowledge in many fields including legal, social, housing, funding, burial services and others. They have personally delivered things to us and others in our hotel several times.”**

Mohammed Rasoul, Grenfell Tower

## Zakat recipient: Samia – Stability and safety

Samia called NZF after fleeing an abusive marriage and found herself homeless with a young child to take care of. She was given temporary accommodation by the council, but with no food, furniture or money, she had no idea how they would survive.

### How did NZF help?

NZF gave Samia support to cover most pressing needs including food, winter clothes and kitchenware.

She was advised how to apply for Universal Credit and our support continued until her benefits came through. NZF's support gave her safety and stability, so she could focus on rebuilding a new life for her and her son, with dignity and free from danger.

“Yes, they provided me with food and clothes, but they also gave me safety and security” Samia, Zakat recipient.



# How we helped people continued

The impact of our support

In early 2018, some families were still needing to bury their loved ones. GMRU managed the funeral arrangements.

Many families required practical support. Family reps helped families relocate, buy household items, follow up with hospital appointments and find childcare. Family reps also organised social days and significant events – they worked with Al Manaar and other community-based organisations to organise art therapy sessions for children, a Winter Wonderland Trip and community-led events such as the ‘Grenfell Healing Hearts’ event.

Equally vital was the emotional support GMRU family reps provided.

“Little things like we’d call them up for Eid [the Islamic festival] to say Eid Mubarak [Blessed Eid] and ask them if they needed anything. On the six-month anniversary with families that had lost a member, we would send them a rose in the post, with a few words from us. It was a very human approach; something we felt was missing in this whole space.” Adel, GMRU Family Rep

In addition, GMRU advocated on behalf of families for housing and other services.

GMRU family reps followed up repeatedly with key workers, the council and relevant government departments in relation to families’ needs for rehousing, financial aid, healthcare and other areas.

To evaluate the support being provided by GMRU, families provided regular feedback to the family reps. This feedback enabled GMRU’s approach to evolve into a thriving culture and solid set of values to guide team members.

“I was always made to feel welcome with open arms; I was heard with sympathy and treated with dignity. It has been amazing and continues to be a place that helps my family and helped me get through tough times. I wouldn’t know where my family and I would be without GMRU. Simply Heaven sent!” Chaltu Solomon, Evacuee

The effectiveness of GMRU has been externally recognised:

- The council chose GMRU as the only non-statutory organisation to be housed within the council’s respite centre, working alongside Royal Mail, Home Office, NHS and the council itself.
- Media outlets, including Sky News, the Evening Standard, BBC Asian Network and ITV, recognised GMRU for its work. Throughout 2018, ITV conducted interviews with GMRU, providing the public with successive updates on the community response.
- The Evening Standard selected GMRU as one of its distribution partners alongside the Rugby Portobello Trust due to GMRU’s close relationship with the families and the trust it had built in the community.

“I was always made to feel welcome with open arms [by GMRU]; I was heard with sympathy and treated with dignity. It has been amazing and continues to be a place that helps my family and helped me get through tough times.”

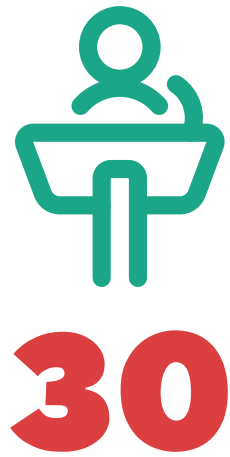
Chaltu Solomon, Evacuee

- The British Red Cross chose GMRU to take part in a review of services after it received criticism for its own Grenfell response. GMRU provided key insights to the British Red Cross and shared information in relation to GMRU’s approach and its method of engagement with those in need.

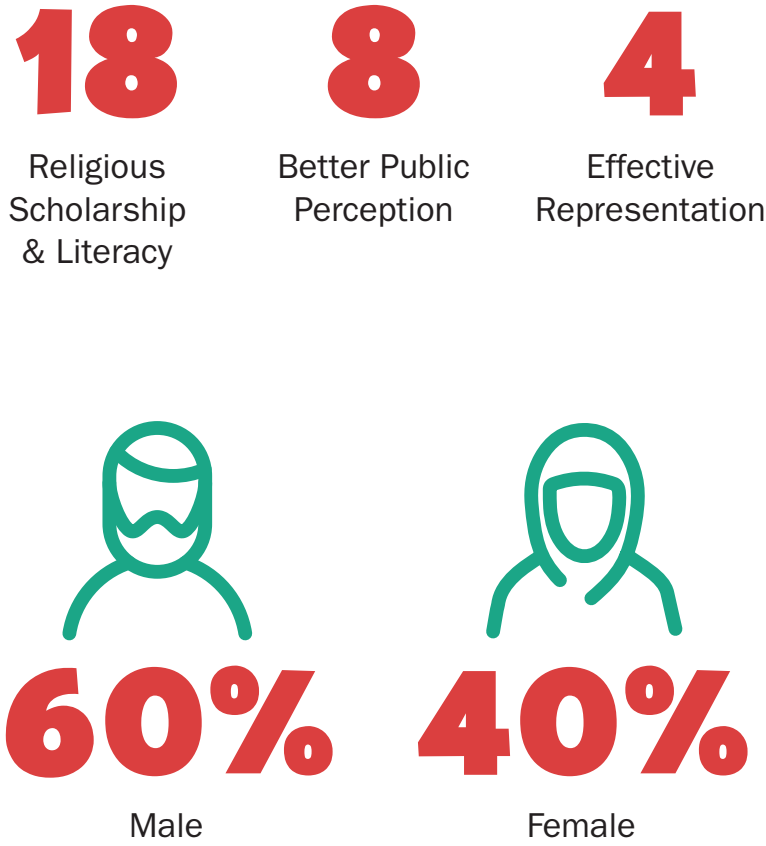
The support was funded partly by £43,500 restricted grant income and restricted sadaqah received in 2018 for the Grenfell Muslim Response Unit and partly from grant income received for this purpose in 2017.



Mayor of London  
Sadiq Aman Khan



people were awarded grants through our Muslim Leaders Development Fund (MLDF), in partnership with the Aziz Foundation. These awardees were divided into three categories:



3. Leadership Investment

In 2018, we started the Leadership Investment Programme. This was NZF’s first programme outside of our poverty relief work since NZF began. This unique and vital collective element of our Zakat distribution ensures that we can do more justice to the overarching purpose of Zakat.

We invested in leading institutions and in emerging leaders – our future imams, scholars and community activists. This gave them greater capacity to provide us with solutions for the challenges we face at home, at work and in wider society. The support built upon our work piloted in this area in late 2017, known as the Community Development Programme.

In 2018, we supported leaders with £0.5 million of Zakat.

This was 16% of all Zakat we distributed.

The purpose of the Leadership Investment Programme is to address two categories of Zakat specified in the Qur’an – the fourth category, ‘winning hearts’, and the seventh category, ‘God’s cause’. In today’s context, the ‘winning hearts’ category aims to improve the perception and understanding of Islam and Muslims among those who aren’t Muslim; the ‘God’s cause’ category aims to improve the Muslim community’s understanding and practice of the faith. Both have collective rather than individual objectives and have a direct impact on the way in which Islam is realised and recognised in society.

Who we helped

We funded organisations, projects and individuals seeking to improve one or more of the following:

- Public perception towards Islam and Muslims in the UK,
- Religious scholarship and religious literacy in the UK and
- The representation of Muslims in the UK.

We gave grants to vital projects and institutions that have made an impact on thousands of people in the UK. The following organisations received funding:

- Cambridge Muslim College
- Ramadan Tent Project
- Abu Hanifah Foundation
- MCB (Centre for Media Monitoring)
- Sadaqa Day
- Ark Institute
- MCB (Visit My Mosque)
- Pixeleyed Pictures
- Ramadan Legacy
- Centre for Islam and Medicine
- Leeds Grand Mosque

In 2018, we also supported 30 individuals from across the UK through the Muslim Leaders Development Fund.



# How we helped people continued

## How we helped projects and institutions

We promoted the Leadership Investment open application process through the NZF website. Prospective applicants took part in an initial telephone conversation to understand the basic elements of the proposal, and then individuals responsible for projects and institutions applied to NZF for funding using the online application form.

In total, we received 39 applications for funding from individual leaders and organisations for project grants. We considered applications on a rolling basis until the funding allocation had been committed.

We carried out initial eligibility and suitability checks. The newly created Board Sub-committee (made up of a minimum of two Trustees, the Chief Executive and the Head of Leadership Investment) then met regularly to consider significant requests shortlisted for funding. The sub-committee approved 16 of the 39 applications for a grant. 11 of the grantees were organisations and five were individuals.

We approved funding based on the following criteria: alignment to the themes of the programme, the specific problem the project was aiming to address and how it proposed to deal with the issue, the impact of the requested funding, the proposer's track record in the area and the credibility of the project's ability to deliver the proposed work.

## Zakat recipient: Cambridge Muslim College

Initiated in 2008 by founder Shaykh Abdal Hakim Murad, the Cambridge Muslim College is an Islamic sciences institute which has achieved significant successes in a short period. The college delivers a variety of community activities and short courses, as well as two flagship accredited courses. NZF approved a grant directed to the teaching costs of the college's new Open University accredited BA (Hons) Islamic Studies programme. The four-year degree course, which started with a year of Arabic studies in Jordan in 2015, applies traditional Islamic scholarship to the ideas and context of the modern world, so

students can lead with knowledge and benefit Islam and Muslims in the UK. All ten full-time students on the course have progressed well with exceptional feedback from external assessors. Students will graduate and return to their communities at the end of the 2019/20 academic year. In addition, lecturers teaching on the course have presented at conferences, published research papers and received awards for their work. "The funds provided for our two lecturer posts have supported the continued development of our undergraduate students." Zainab Kabba, Executive Director, Cambridge Muslim College.

## How we supported leadership development

We supported 30 individuals through the Muslim Leaders Development Fund (MLDF). We launched the MLDF in partnership with the Aziz Foundation, having piloted it in late 2017. The Aziz Foundation part-funded the MLDF.

Individual applicants identified education or training that increased their effectiveness in one of the Leadership Investment themes. Applicants applied for academic and vocational courses, including short courses.

"NZF's leadership fund has allowed me to access crucial education that I wouldn't have been able to fund myself. I wanted access to knowledge and education that would allow me to have even more of an influential role in my community. I'm dedicated to supporting Islamic education in the UK." Moynul Hussain, recipient of Muslim Leaders Development Fund award

NZF and the Aziz Foundation approved applications based on a joint selection panel. We administered the grant-making.

## The impact of our support

Our Leadership Investment Programme offers different levels of support to Muslim individuals and institutions:

- With our help, prominent leaders, organisations and scholars reach more people, more effectively.
- We give individuals the opportunity to develop skills they can use for the benefit of the Muslim community in the UK.
- By offering funding and support, NZF is publicly promoting the praiseworthy work of Muslim leaders and organisations.

“The [MLDF] fund has given me the chance to focus on my studies without worrying about my day-to-day needs.”

Moynul Hussain, Zakat recipient

## Zakat recipient: Ramadan Tent Project

"With the support of NZF, Ramadan Tent Project has been able to reach out to more people across London and the UK and continue our outreach, growth & social impact. We've expanded the project beyond London, serving 60,000 meals in seven cities and four continents.

Bringing people together and bridging different communities is the spirit of Ramadan. It's really humbling to think back to that first year, when I turned up with a trolley full of juice cartons!" Omar Salha, Ramadan Tent Project

# How we helped people continued

## 4. Zakat Awareness, Education and Calculation

We continued to provide Zakat awareness, education and calculation services to UK Zakat payers.

The aims of these services are for UK Zakat payers to:

- have the opportunity to pay their UK Zakat within the UK in a way that reaches eligible recipients.
- have an accurate, authentic understanding of how to calculate their Zakat.
- appreciate the spiritual and societal significance and impact of Zakat.
- understand the need for Zakat in the UK.

### How we helped

We provided Zakat payers with many ways to help ensure they paid the right amount of Zakat, including workshops, online content, publications, and online and in-person collection. The objective for 2018 was to improve the efficiency of these services.

In 2018 we also completed and published “Our Zakat Distribution Strategy: Juristic Evidences and Explanations”. We developed the strategy in consultation with numerous scholars. NZF has always welcomed and engaged with the input of scholars and experts in iterating and refining its practices: policy formation remains an open and live process that will be continuously informed by new experiences, research and learning.

### The impact of our support

In 2018, NZF held over 150 online, radio and in-person workshops. 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”). We also launched a live-chat facility on the website in 2018.

Moreover, 1,328 people asked a question or required help from our helpdesk service. We received and answered 4,982 messages received at the help desk.

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

# Zakat recipient: Shaibah Naveed, recipient of Muslim Leaders Development Fund award

Shaibah applied to MLDF in 2018. When applying, Shaibah highlighted that she wanted to create better opportunities for Muslim women to be able to discuss issues relating to mental health. She believed women who were dealing with mental health were mostly unable to deal with their thoughts and worries from an Islamic perspective, and some were turning away from Islam, while others were turning to drugs, alcohol or music. She aimed to tackle psychological trauma from rape, depression and domestic abuse within an Islamic context.

She was initially awarded a grant for a Level 2 Islamic Counselling course with

Stephen Maynard and Associates and then later re-applied and was awarded a grant for Level 3.

Since Shaibah received the first award and completed the Level 2 counselling course, she has initiated many projects which build ‘better public perceptions’ and ‘effective representation’ such as Care4Calais, ‘We love because We are Muslim’ and Neighbour2Neighbour. After completing the Level 3 Islamic Counselling course, she plans to engage with local women’s groups and lead a series of talks and seminars to assist women in dealing with psychological trauma.

# How we raised and spent our money



### Income:

Our work is supported almost entirely by Zakat payments from individual donors, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah) and Gift Aid.

In 2018, we generated total voluntary income of £4,629,679 (2017: £4,929,383). Total expenditure was £4,535,295 (2017: £4,759,980). We had net incoming resources in 2018 of £102,956 (2017: £185,840).

The main source of our income was Zakat payments, comprising £3,371,396 (2017: £3,218,819). The majority of Zakat payments received were one-off as opposed to regular donations. Approximately 80% of the payments were received in Ramadan.

We distribute Zakat within a lunar year of Zakat payers’ payment to NZF – on average, we distribute Zakat within five to six months. Since Ramadan currently 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 GMRU grant income of £35,000 (2017: £279,961) and other restricted donations of £8,500 (2017: £10,000).

We received £684,058 (2017: £881,328) of unrestricted Sadaqah funds in the year which, along with £457,672 (2017: £502,437) of Gift Aid, were critical to cover the core costs of the charity. Throughout the year, we continued our effort to raise non-Zakat funds to support the work of the organisation – this effort made a vital contribution to enabling NZF to grow and continue towards achieving its vision.

Our financial forecast for both Zakat and non-Zakat income in 2018 was lower than originally anticipated. We have managed this variance prudently: it has resulted in a review by NZF’s Board of Trustees of how the objectives of NZF can be fulfilled consistently over time and how the organisation can be resilient to any similar financial variance while increasing its agility going forward.

### Expenditure:

Of the £3,154,988 (2017: £3,521,099) of Zakat we distributed in 2018:

84% being £2,646,642 (2017: £2,870,743) was spent on Economic Empowerment. This includes £60,660 (2017: £350,481) on supported housing projects which were transitioned to other providers in 2018.

16% being £508,346 (2017: £299,875) was spent on Leadership Investment. In 2017, all Leadership Investment grants were made to individuals.

As part of supporting families in the Grenfell tragedy, the GMRU distributed £109,212 (2017: £219,119) for survivors’ ongoing needs.

We have an internal policy of ensuring no more than 12.5% of Zakat is spent on non-grant costs. The actual percentage in 2018 was 11.5% (2017: 9.1%).

We incurred governance and support costs of £239,154 (2017: £397,456) during the year. We covered these costs entirely by non-Zakat funds, which equated to 5% (2017: 8%) of total spending. The cost of raising funds was a further 5.6% of total spending, again covered entirely by non-Zakat funds.

This means of every £1 we spent, 89p went on delivering services and making change happen, 6p on fundraising and 5p on support and governance.

“NZF’s work is supported almost entirely by Zakat payments from individual donors, charitable donations and Gift Aid.”



# Thank you

We have been able to support people in need as well as emerging and existing leaders in 2018 thanks to our supporters, referring organisations and partners.

Together, we made lasting change happen, helping people in the UK onto the path to financial independence, and helping people in the UK feel more confident about their faith and their future.

The transformation that we have seen in people's lives is because of our donors who have paid their Zakat through NZF. We are regularly asked by our beneficiaries to thank those who have made support for them possible. From them to you, thank you.

We would also like to mention the individuals, organisations, agencies, community groups and mosques who have helped others to access our services through sign-posting and submitting applications on their behalf.

In addition, our work is strengthened by partners, some of whom have been mentioned above. In particular, our work co-ordinating the Grenfell Muslim Response Unit involved many other partners. We look forward to building upon existing relationships and forging new ones in 2019 and beyond.



# Our supporter community

Thank you to all our supporters, referrers and partners, including but not limited to:

## Economic Empowerment Programme

British Red Cross  
Crisis and Crisis Skylight  
East London Mosque  
The Faith Centre, Bradford  
Green Lane Mosque  
Hestia  
IHRC  
Islamic Appeal  
Migrants Organise  
Project 17  
RefuAid  
The Unity Centre, Glasgow

## GMRU

Abdullah Aid  
Al Imdaad Foundation  
Brick Lane Muslim Funeral Services  
British Red Cross  
Al Manaar Mosque  
Children of Jannah  
Cornwall Hugs  
Eden Care  
Grenfell Legal Support  
Islamic Relief UK  
The Kensington & Chelsea Foundation  
Angels For Grenfell  
London Emergencies Trust  
Muslim Aid  
Muslim Bereavement Support Service

## Leadership Investment Programme

Aziz Foundation

## Fundraising and other supporters

Al Rayan Bank  
CUBE Network  
Emerald Network  
IlmFeed



# Plans for the future

**We expect Zakat income in 2019 to be flat at £3.2 million. This expectation is in the light of reduced expenditure for Marketing & Fundraising in 2019 with a smaller team following on from restructuring activity in 2018 (outlined in the ‘our approach to operations’ section). It also allows for the time required for Zakat payers to adjust to our evolving Zakat distribution strategy.**

In 2019, we plan to focus on improving the effectiveness of our Programmes. We plan to consult with senior management, employees, Board members and beneficiaries to ensure our Zakat distribution is transformative. We want to meet the needs of those in poverty, as well as fulfil the strategic leadership needs of the community.

We will take steps to increase the number of individuals in need who are financially empowered. These include:

- Implementation of Impact Measurement and Quality Assurance framework
- Safeguarding and serious incidents training
- Empathy and phone skills training for programme staff
- Knowledge-sharing sessions (Best Case Scenario)
- Efficiency gains through improvements to the application and casework processes
- Policy and guideline review and refinement
- Changes to the management and administration of support to asylum seekers

We plan to continue with grants to individuals through the Muslim Leaders Development Fund. We intend to make institutional grants to a fewer number of organisations while providing greater support.

We plan to invest further in our website to increase ease of use for applicants and donors.



# How we operate



# Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement.

We do this through:

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Code of Conduct that reflects this.

We have zero tolerance for harassment, bullying or exploitation in any form. There have been a number of media reports of sexual misconduct on the part of charity workers. There have been no incidents of sexual harassment or sexual misconduct within National Zakat Foundation since the charity began.

Employee engagement

Our staff participate in quarterly employee engagement surveys, giving helpful feedback on what it is like to work at National Zakat Foundation. In 2018, over two-thirds of participating staff said that being at National Zakat Foundation “feels like a mission rather than a job”. In addition, employees meet regularly to discuss ideas and provide feedback.

Equal opportunities and diversity

We have an Equality and Diversity policy in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

We encourage employees to develop within National Zakat Foundation to match their circumstances and aspirations. We support flexible working practices wherever possible.

Employees’ remuneration

The Board determines the salary of the Chief Executive.

The Chief Executive proposes the salaries of key management personnel to the Board, which approves/amends as appropriate. In 2018, the key management personnel comprised the Chief Executive, Director of Economic Empowerment /Leadership Investment Programme, Director (formerly Head) of Marketing and Director of Operations. Earlier in the year this also included Head of Enabling Excellence and Head of Finance.

The Chief Executive and the key management personnel agree the salaries of all other employees.

We set and review salaries based on a combination of benchmarking, seniority of the role, experience, the personal circumstances of the employee and NZF’s overall budget. We review salaries in December each year, with any changes effective from the following month.

Use of volunteers

Volunteers are a valued resource in our work. In 2018, we had 11 volunteers. Volunteers have been involved in three areas: raising awareness; contributing professional consultancy skills; and caseworker, administration and reception support.

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

At any one time, we typically have two short-term volunteer caseworkers contributing one to two days per week each for an average of three to six months. In addition, NZF has benefited from one long-term volunteer caseworker. Volunteers are supported and trained in their roles by employees and given assistance where required.

We are thankful to have had this level of support from volunteers to achieve NZF’s vision.

# How we manage the money you give us

Managing risk

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

The most significant risks are as follows:

Financial:

The risk of insufficient generation of non-Zakat funds to cover part of programme spend and all of the organisation’s core costs. This would affect NZF’s 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 the direct cost of 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 and Board review, supported by operational updates and key operational metrics.

People:

The risk of the departure of the Chief Executive, who has extensive experience in running a Zakat institution. This could result in failure to attract, motivate and retain the most talented colleagues and failure to develop the required culture, leadership and behaviours to achieve NZF’s business objectives. This risk is being mitigated with the continued development of all employees at all levels, and with recruitment policies and processes to attract and retain the best people.

The right 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. We have put in place staff training, with the Economic Empowerment team additionally benefitting from counselling support.

Technology:

The risk of failure of key IT systems or IT infrastructure. This could result in loss of information, inability to operate or regulatory breaches.

The likelihood of 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 to NZF’s technological capabilities, for example with the upgrade of our CRM system. This area is an evolving one and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF now has cyber insurance to mitigate the impact of the risk.

Serious incidents:

The risk of incidents that damage reputation and/or negatively impact operations (including suppliers, recipients of grants and GDPR breaches).

This risk is being mitigated by ensuring NZF has a serious incident policy in place, that employees and Trustees have been trained on adhering to the policy and that GDPR-compliant systems in place which are well above the minimum standard required. In addition, recipients of grants are carefully assessed to ensure eligibility and likely impact, with Board involvement where amounts are significant.

Safeguarding:

The risk that people who encounter the charity are not protected from harm.

This risk is being mitigated by ensuring NZF has a safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We will continue to provide safe places, encourage the confidence to report any issues and take consistent action.

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



# Our approach to operations

## Our approach to operations

In late 2018, a restructuring took place. The objective of the restructuring was to develop agility in the organisation and resilience to withstand future financial shocks in terms of both reduced Zakat and non-Zakat income.

The Board agreed to achieve this in the following three ways:

- for NZF to provide a focused and measurable presence through greater online activity in a newly formed Marketing & Fundraising team. This meant a reduced number of roles compared to the previous Zakat Collection Team, which was based in a number of regions, and consequently the closure of the rented Birmingham office.
- to combine all enabling functions into one Operations department and reducing the number of enabling roles, therefore providing a more co-ordinated approach while cutting costs.
- to use Zakat to fully fund Programmes, with non-Zakat income fully funding Operations and Marketing & Fundraising.

We made continuous improvement in the use of our CRM system for applicants’ and payers’ records. We also embedded the use of our Accounting System, Accounts IQ.

## Our public fundraising approach

Almost all our funds come from the public and our aim is to ensure we do this in both a respectful and compelling way that is consistent with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We work diligently to comply with the Code of Fundraising Practice.

The Director of Marketing manages all fundraising activities, guided and monitored by the Chief Executive, with overall oversight by the members of the Board. The charity’s employees carry out fundraising activities for the charity. We do not use professional fundraisers or have any commercial participants.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year who agree to be contacted in this way – individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

We consider that our processes and controls 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.

We actively encourage supporters to contact us with any feedback. No complaints relating to fundraising activities have been received by the charity during this financial period. We have in place procedures that would be followed in the event of a complaint being received, and these procedures are made publicly available on our website.

## General Data Protection Regulation

The General Data Protection Regulation (GDPR) became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data that they collect and hold, and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We are committed to protecting personal data, and to ensuring that we are compliant with the changes introduced by the GDPR. We have put in place policies and procedures to comply with the GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing and supporter data privacy, consent and preference management.

We consider that every employee has a role to play, and we have regular training to ensure we are all familiar and compliant with the new requirements.

# How we are governed

**The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.**

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 32.

The Board meets at a minimum quarterly. In addition, the Board has a Finance and Audit Committee. It promotes and safeguards the highest standards of integrity, financial reporting and internal control. It also oversees the organisation’s risk management processes, and any capital spend projects.

Trustees are rotated over a medium- to long-term basis, to provide fresh ideas and to avoid complacency in the role. No Trustees have exceeded the nine-year term recommended in the Governance Code.

The Chief Executive and employees make operational decisions and run the charity. The Chief Executive or Line Manager (as appropriate) sets and agrees objectives with employees to ensure that the strategic objectives of the charity are being met. The Chief Executive or Line Manager (as appropriate) also ensures employees who have direct contact with beneficiaries are regularly supported, trained and assessed to ensure their communication is in line with the charity’s values.

## Organisational purpose: Public benefit

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 work of the charity is in line with its objects; 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 and that there is no detriment or harm arising from any of the activities.

## Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and an alignment of their 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, and 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 access internal and external training as required.

The number of Trustees is within the range recommended by the Governance Code.

The profile of Trustees is broadly representative of the people we are trying to help.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their Trusteeship.

We have undertaken a skills audit of all Trustees and intend to continue this practice annually.

## Openness and accountability

We have developed and made public an Impact Report to make our charity’s impact accessible to donors and stakeholders. We plan to continue this. We also regularly share stories of our beneficiaries on our website and in external messaging.

We fully disclose details of our Trustees and their biographies on our website.

We have a disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

## Integrity

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

We welcome the 2017 Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector. The Board has undertaken a thorough review of its current practice compared to that recommended in the Governance Code. Both the Board and the Finance and Audit Committee take feedback on board and regularly implement aspects for improved governance. The Board will identify further areas for improvement over time. This is part of the continued concern of the Trustees to constantly improve the effectiveness of the organisation.

We have a serious incidents policy. There have been no serious incidents in 2018.

We have a conflicts of interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are not disqualified from holding the position.

# How we are governed continued

Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation.

Trustees and employees are from a range of backgrounds. The majority of employees and all Trustees are from an ethnic minority background.

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

We benefit from services provided by NZF Worldwide. NZF Worldwide is committed to:

- represent the National Zakat Foundation brand at international forums surrounding Islamic finance/wealth management and philanthropy.
- seek opportunities to showcase the NZF UK case study in global Zakat forums.
- facilitate co-operation between NZF entities across the globe to improve the efficiency and effectiveness of asset creation.

In 2018, NZF Worldwide represented our model at the World Zakat Forum; secured endorsement of the NZF UK model by Zakat bodies from a number of countries, including Malaysia, Brunei, Indonesia and Nigeria; continued to provide support to the United Nations; and engaged scholars (including the Mufti of Haram in Makkah, Imam of The Prophet’s Mosque in Al Madinah and the European Council for Fatwa and Research) to improve our judgement and decision making in Zakat.

# How we manage our finances



Reserves policy

The Trustees have reviewed the reserves of the charity.

At the beginning of 2018, 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 £2,259,917 of which £464,141 were unrestricted general funds, £1,790,645 were unrestricted designated funds for Zakat-eligible individuals and projects, and £5,131 were restricted funds, i.e. not available for general purposes. The Trustees consider that unrestricted general reserves are equal to over three months of core costs (operations salaries, office charges and cost of raising funds) 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 unrestricted designated reserves amounted to £1,790,645 comprised of Zakat funds for distribution as individual or organisational grants in relation to the Economic Empowerment Programme and the Leadership Investment Programme.

Investment policy and performance

National Zakat Foundation holds all short-term investments as non-interest-bearing cash. The objective of our investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Due to continuing very low profit rates and lower cash deposit balances than previous years, investment income was £8,571 in 2018.

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.

# Our leadership team

TRUSTEES

Sultan Choudhury CBE  
Sabah Gilani (appointed 19 April 2018)  
Azim Kidwai (Chair)  
Ibrar Majid  
Tariq Surty  
Muhammed Yesilhark

CHIEF EXECUTIVE

Iqbal Nasim

AUDITOR

Crowe UK LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

BANKERS

Al Rayan Bank  
394 Coventry Road  
Small Heath  
Birmingham B10 0UF

Lloyds Bank  
PO Box 1000  
BX1 1LT

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

41 Fieldgate Street  
London E1 1JU

# Statement of Trustees' Responsibilities

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 (FRS 102), 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.

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.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board



Azim Kidwai  
Trustee



# Financial statements

# Independent Auditor’s Report

### Opinion

We have audited the financial statements of National Zakat Foundation (NZF) for the year ended 31 December 2018 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 2018 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:

- 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 12 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 has been prepared in accordance with applicable legal requirements.

### 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 33, 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

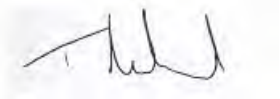
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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](http://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.



**Tim Redwood**  
Senior Statutory Auditor

For and on behalf of  
Crowe UK LLP  
Statutory Auditor  
London

Date      21st August 2019

Statement of Financial Activities

	Note	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Donations	2	4,252,477	342,202	4,594,679	4,824,383
Charitable activities					
Grenfell Muslim Response Unit	2	–	35,000	35,000	105,000
Investment income	3	8,571	–	8,571	16,437
TOTAL INCOMING RESOURCES		4,261,048	377,202	4,638,250	4,945,820
RESOURCES EXPENDED					
Raising funds	4	272,587	–	272,587	157,279
Charitable activities					
Economic Empowerment	4	1,137,330	1,907,939	3,045,269	3,486,062
Grenfell Muslim Response Unit	4	–	109,212	109,212	219,119
Leadership Investment	4	546,365	–	546,365	299,875
Zakat Education and Calculation	4	561,862	–	561,862	597,645
TOTAL RESOURCES EXPENDED		2,518,144	2,017,151	4,535,295	4,759,980
Net income/(expenditure)					
	4	1,742,904	(1,639,949)	102,956	185,840
Transfer between funds	13	–	–	–	–
Net movement in funds		1,742,904	(1,639,949)	102,956	185,840
Reconciliation of funds:					
Total funds brought forward	13	511,882	1,645,080	2,156,962	1,971,122
Total funds carried forward		2,254,786	5,131	2,259,917	2,156,962

The results for the period derive from continuing activities.

Balance Sheet

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	98,379	134,370
Intangible assets	10	–	3,894
		98,379	138,264
CURRENT ASSETS			
Debtors	11	51,304	48,161
Cash at bank and in hand		1,077,811	984,501
Deposit accounts		1,105,544	1,099,095
		2,234,659	2,131,757
LIABILITIES			
Creditors: amounts falling due within one year	12	(73,122)	(113,059)
TOTAL NET CURRENT ASSETS OR LIABILITIES		2,161,537	2,018,698
TOTAL NET ASSETS OR LIABILITIES			
		2,259,917	2,156,962
THE FUNDS OF THE CHARITY			
Unrestricted funds			
Designated funds	14	1,790,645	–
General funds	14	464,141	511,882
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	14	5,131	1,645,080
TOTAL FUNDS		2,259,917	2,156,962

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 (FRS 102) (effective 1 January 2016).

Approved by the Board on 15 August 2019 and signed on its behalf by:

Azim Kidwai  
Trustee



Statement of Cash Flows

	2018 £	2017 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>93,479</b>	<b>178,315</b>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	<b>8,571</b>	16,437
Purchase of property, plant and equipment	<b>(2,290)</b>	(40,889)
Deposit account greater than 3 months	<b>(6,449)</b>	383,563
<b>Net cash provided by (used in) investing activities</b>	<b>(168)</b>	<b>359,111</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>93,311</b>	537,426
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>984,501</b>	447,075
<b>Change in cash and cash equivalents due to exchange rate movements</b>	<b>–</b>	–
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,077,811</b>	<b>984,501</b>
<b>A. Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>102,956</b>	185,840
<b>Adjustments for:</b>		
Depreciation charges	<b>42,175</b>	46,540
Dividends, interest and rents from investments	<b>(8,571)</b>	(16,437)
(Increase)/decrease in debtors	<b>(3,143)</b>	(4,189)
Increase/(decrease) in creditors	<b>(39,937)</b>	(33,439)
<b>Net cash provided by (used in) operating activities</b>	<b>93,480</b>	<b>178,315</b>
<b>B. Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	<b>1,077,811</b>	984,501
<b>Total cash and cash equivalents</b>	<b>1,077,811</b>	<b>984,501</b>

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 (FRS 102) (effective 1 January 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

National Zakat Foundation meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical 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 33.

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 and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

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.

# Notes to the financial statements

## continued

1.4. Volunteers

NZF has had 11 dedicated volunteers in 2018. 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.

Contributing professional consultancy skills

Professionals have contributed their consultancy skills at a reduced or pro bono rate. This includes financial skills, 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 2018, at any time NZF typically had two short-term volunteer caseworkers contributing one to two days per week each for three to six 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. Income

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.

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

1.6. Expenditure

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.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It comprises costs that can be allocated directly to such activities. Costs of raising funds comprises the costs associated with attracting voluntary income.

1.7. Support costs

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 Redundancy accounting policy

Redundancy costs arising from periodic reviews of staff levels are charged as an expense in the year in which employees leave the organisation.

1.9 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

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.

1.10 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.

1.11 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.

1.12 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:

Leasehold improvements	–	Straight line over five years
Fixtures, fittings and equipment	–	Straight line over three years
Website development	–	Straight line over three years

All items of expenditure greater than £500 are capitalised if they meet the definition of a fixed asset as stated within FRS 102.

1.13 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.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Zakat	3,080,747	290,649	3,371,396	3,218,819
Zakat-ul-Fitr	–	14,815	14,815	10,050
Fidyah & Kaffarah	–	28,238	28,238	26,788
Sadaqah & Riba	684,058	8,500	692,558	1,066,289
Gift Aid	457,672	–	457,672	502,437
Grant income	30,000	35,000	65,000	105,000
	4,252,477	377,202	4,629,679	4,929,383

Zakat funds have been designated for programmes benefitting Zakat-eligible applicants and projects. Designated funds are expected to be expended in the course of the next year. No Zakat is used for NZF's marketing or operations.

The restricted grant income and restricted Sadaqah is for charitable activity by the Grenfell Muslim Response Unit.

3. INVESTMENT INCOME

	Total funds 2018 £	Total funds 2017 £
Income on deposits	8,571	16,437
	8,571	16,437

Notes to the financial statements continued

4. ANALYSIS OF EXPENDITURE

Expenditure by activity

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Raising funds £	Total 2018 £	Total 2017 £
Direct employees cost	311,033	–	17,500	184,295	512,828	106,626	619,455	653,570
Direct costs	2,549,561	109,212	508,346	360,348	3,527,467	149,220	3,676,686	3,708,954
Support and governance costs	184,67	–	20,519	17,219	222,413	16,741	239,154	397,456
	3,045,269	109,212	546,365	561,862	4,262,708	272,587	4,535,295	4,759,980

Zakat Education and Calculation combines what was known in 2017 as services to Zakat payers and communications and community relations.

Economic Empowerment combines what was known in 2017 as Individual Grants and Supported Housing.

Expenditure by income type

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Raising funds £	Total 2018 £	Total 2017 £
Zakat (restricted)	1,864,886	–	–	–	1,864,886	–	1,864,886	3,521,099
Zakat (unrestricted designated)	781,756		508,346		1,290,102	–	1,290,102	–
Zakat-ul-Fitr	14,815	–	–	–	14,815	–	14,815	10,050
Fidyah and Kaffarah	28,238	–	–	–	28,238	–	28,238	26,788
Grant income	–	100,712	–	–	100,712	–	100,712	209,118
Restricted Sadaqah	–	8,500	–	–	8,500	–	8,500	10,000
Unrestricted	355,574	–	38,019	561,862	955,455	272,587	1,228,042	982,924
	3,045,269	109,212	546,365	561,862	4,262,708	272,587	4,535,295	4,759,980

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2018 £	2017 £
<b>Support costs</b>		
Office administration	92,038	74,478
Office services	72,160	231,232
Governance	74,956	91,746
	239,154	397,456
<b>of which:</b>		
<b>Governance costs:</b>		
Audit fees	13,200	12,000
Auditor fees for non-audit services	–	2,273
Other professional fees	10,430	6,288
Licence fee and compliance costs	28,317	24,000
Employees costs	23,009	47,185
	74,956	91,746

During 2017, licence fees paid to NZF Worldwide as part of a brand licensing agreement were included within support costs; in 2018, licence fees have been included within governance costs. Above 2017 figures have been restated above to be comparable.

During 2018, other professional fees consisted of legal fees and external accountancy services.



Notes to the financial statements continued

6. GRANTS PAID TO ORGANISATIONS

Programme	Organisation	Project	2018 £	2017 £
Economic Empowerment	St Mungo's	Supported housing project for homeless women – London	70,661	136,453
Economic Empowerment	St Mungo's	Date Palm supported housing project for homeless prison leavers – London	54,845	103,372
Economic Empowerment	Trident Reach	Supported housing project for homeless women – Birmingham	55,492	73,990
Economic Empowerment	Threshold	Supported housing project for homeless women – Manchester	41,200	36,667
			222,198	350,481
Leadership Investment	Cambridge Muslim College	BA Programme	76,862	–
Leadership Investment	Ramadan Tent Project	Open Iftar London	50,000	–
Leadership Investment	Abu Hanifah Foundation	Nursery start-up	39,750	–
Leadership Investment	Muslim Council of Britain	Centre for Media Monitoring	32,805	–
Leadership Investment	Sadaqa Day	Sadaqa Day 2018	22,500	–
Leadership Investment	Ark Institute	Launch and setup	21,300	–
Leadership Investment	Muslim Council of Britain	Visit My Mosque	20,000	–
Leadership Investment	Pixeleyed Pictures	Muslims of London	15,000	–
Leadership Investment	Ramadan Legacy	Ramadan planners	5,000	–
Leadership Investment	Centre for Islam and Medicine	Masterclass bursaries	5,000	–
Leadership Investment	Leeds Grand Mosque	Course bursaries	1,500	–
			289,717	–
Total grants to organisations			531,961	350,481

7. NET INCOMING RESOURCES

	2018 £	2017 £
Net incoming resources for the year is stated after charging:		
Depreciation and amortisation	42,175	46,539
Operating lease charges	69,780	69,780
Auditor's remuneration (Including VAT):		
Audit fees	13,200	12,000
Non-audit fees	–	2,273

8. ANALYSIS OF EMPLOYEES COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2018 £	2017 £
Employment costs:		
Wages and salaries	735,258	696,589
Social security costs	66,395	66,994
Employer pension contribution	8,813	2,683
	810,466	766,266

No employee had employee benefits in excess of £60,000 (2017: nil).

Employees costs exclude amounts paid to external consultants in 2018, £72,976 (2017: £41,335).

Total redundancy cost of restructure in 2018 was £22,462 (2017: nil).

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2017: £nil). In 2018, no Trustee was reimbursed for travel expenses (2017: £99). No charity Trustee received payment for professional services or other services supplied to the charity (2017: £nil).

The key management personnel of the charity comprised the Chief Executive, Director of Economic Empowerment /Leadership Investment Programme, Director (formerly Head) of Marketing and Director of Operations. Earlier in the year this also included Head of Enabling Excellence and Head of Finance. Their employee benefits total £213,383 (2017: £234,400) including employers NI.

**Employees 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:

	2018 No.	2017 No.
Average number of employees	24	25

9. TAXATION

National Zakat 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.

# Notes to the financial statements

## continued

### 10. INTANGIBLE AND TANGIBLE FIXED ASSETS

	INTANGIBLE  Website development £	TANGIBLE  Leasehold improvements £	TANGIBLE Fixtures, fittings & equipment £	Total 2018 £
<b>Cost</b>				
At 1 January 2018	18,060	154,981	27,973	201,014
Addition	–	190	2,100	2,290
Disposal	–	–	–	–
<b>At 31 December 2018</b>	<b>18,060</b>	<b>155,171</b>	<b>30,073</b>	<b>203,304</b>
<b>Depreciation</b>				
At 1 January 2018	14,166	27,443	21,141	62,750
Charge for the period	3,894	37,178	1,102	42,174
Disposal	–	–	–	–
<b>At 31 December 2018</b>	<b>18,060</b>	<b>64,621</b>	<b>22,243</b>	<b>104,924</b>
<b>Net book value at 31 December 2018</b>	<b>–</b>	<b>90,550</b>	<b>7,830</b>	<b>98,379</b>
At 31 December 2017	3,894	127,538	6,832	138,264

### 11. DEBTORS

	2018 £	2017 £
Trade debtors	<b>16,500</b>	20,659
Accrued income	<b>14,311</b>	–
Prepayments	<b>2,189</b>	3,771
Other debtors	<b>18,304</b>	23,731
	<b>51,304</b>	<b>48,161</b>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	<b>19,588</b>	99,807
Taxation and social security	<b>12,167</b>	–
Accruals and deferred income	<b>41,367</b>	13,252
	<b>73,122</b>	<b>113,059</b>

Some grants are approved in principle for periods which extend past the year-end date. Subsequent period grants represent planned future commitments but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress. As at 31 December 2018, planned future commitments under formal multi-year funding cycle approvals amounted to £190k (2017: £72k).

### 13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Fund balances at 31 December 2018 as represented by:				
Tangible and intangible fixed assets	98,379	–	<b>98,379</b>	138,264
Net current assets	2,156,407	5,131	<b>2,161,538</b>	2,018,698
	<b>2,254,786</b>	<b>5,131</b>	<b>2,259,917</b>	<b>2,156,962</b>

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Fund balances at 31 December 2017 as represented by:				
Tangible and intangible fixed assets	138,264	–	138,264	143,914
Net current assets	373,618	1,645,080	2,018,698	1,827,208
	<b>511,882</b>	<b>1,645,080</b>	<b>2,156,962</b>	<b>1,971,122</b>

### 14. ANALYSIS OF FUNDS

	1 January 2018 £	Income £	Expenditure £	Transfers £	31 December 2018 £
Zakat (Designated)	–	3,080,747	(1,290,102)	–	1,790,645
General non-Zakat & grants	511,882	1,180,301	(1,228,042)	–	464,141
<b>Total unrestricted funds</b>	<b>511,882</b>	<b>4,261,048</b>	<b>(2,518,144)</b>	<b>–</b>	<b>2,254,786</b>
Zakat	1,574,238	290,649	(1,864,886)	–	–
Zakat-ul-Fitr	–	14,815	(14,815)	–	–
Fidyah and Kaffarah	–	28,238	(28,238)	–	–
Restricted Sadaqah and Grants	70,842	43,500	(109,212)	–	5,130
<b>Total restricted funds</b>	<b>1,645,080</b>	<b>377,202</b>	<b>(2,017,151)</b>	<b>–</b>	<b>5,130</b>
	<b>2,156,962</b>	<b>4,638,250</b>	<b>(4,535,295)</b>	<b>–</b>	<b>2,259,917</b>

# Notes to the financial statements

## continued

	1 January 2017 £	Income £	Expenditure £	Transfers £	31 December 2017 £
<b>Unrestricted funds</b>					
General funds	94,604	1,400,202	(982,924)	–	511,882
<b>Total unrestricted funds</b>	<b>94,604</b>	<b>1,400,202</b>	<b>(982,924)</b>	<b>–</b>	<b>511,882</b>
<b>Restricted funds</b>					
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 and Grants	–	289,961	(219,119)	–	70,842
<b>Total restricted funds</b>	<b>1,876,518</b>	<b>3,545,618</b>	<b>(3,777,056)</b>	<b>–</b>	<b>1,645,080</b>
<b>Total funds</b>	<b>1,971,122</b>	<b>4,945,820</b>	<b>(4,759,980)</b>	<b>–</b>	<b>2,156,962</b>

Zakat, Zakat-ul-Fitr, Fidyah and Kaffarah, and Sadaqah all represent funds generated from voluntary income.

Zakat funds have been designated for programmes benefitting Zakat-eligible applicants and projects. Designated funds are expected to be expended in the course of the next year. No Zakat is used for NZF’s marketing or operations.

The use of Zakat-ul-Fitr funds is restricted to providing cash grants for food for the poor and needy.

The use of Fidyah and Kaffarah is restricted for programmes for the poor and needy only.

The restricted grant income and restricted Sadaqah is for charitable activity by the Grenfell Muslim Response Unit.

15. OPERATING LEASE COMMITMENTS

	Property £	Office equipment £	2018 £	2017 £
Due within 1 year	66,000	3,780	69,780	69,780
Due between 2 to 5 years	198,000	3,780	201,780	271,560
Due in over 5 years	–	–	–	–
	<b>264,000</b>	<b>7,560</b>	<b>271,560</b>	<b>341,340</b>

16. RELATED PARTIES

In 2018, Azim Kidwai was a Trustee of NZF and a Director of NZF Worldwide. NZF paid £24,000 (2017: £24,000) to NZF Worldwide in licence fees as part of a brand licensing agreement. NZF paid £24,000 (2017: £nil) to NZF Worldwide as part of a Service Level Agreement. In return, NZF Worldwide represented our model at the World Zakat Forum; secured endorsement of the NZF UK model by Zakat bodies from a number of countries, including Malaysia, Brunei, Indonesia and Nigeria; continued to provide support to the United Nations; and engaged scholars (including the Mufti of Haram in Makkah, Imam of The Prophet’s Mosque in Al Madinah and the European Council for Fatwa and Research) to improve our judgement and decision making in Zakat. NZF UK received £1,100 (2017: £nil) from NZF Worldwide in respect of consultancy fees from in-house expertise.

Sultan Choudhury is a Trustee of NZF and an employee at Al Rayan Bank, the charity’s bankers. At 31 December 2018, cash balances of £2,044,615 were held with the bank (2017: £2,082,017). NZF earned investment income of £8,571 (2017: £16,437) and paid £nil in bank charges during the year (2017: £nil).



