



Annual Report and Financial Statements

for the year ended
31 December 2019



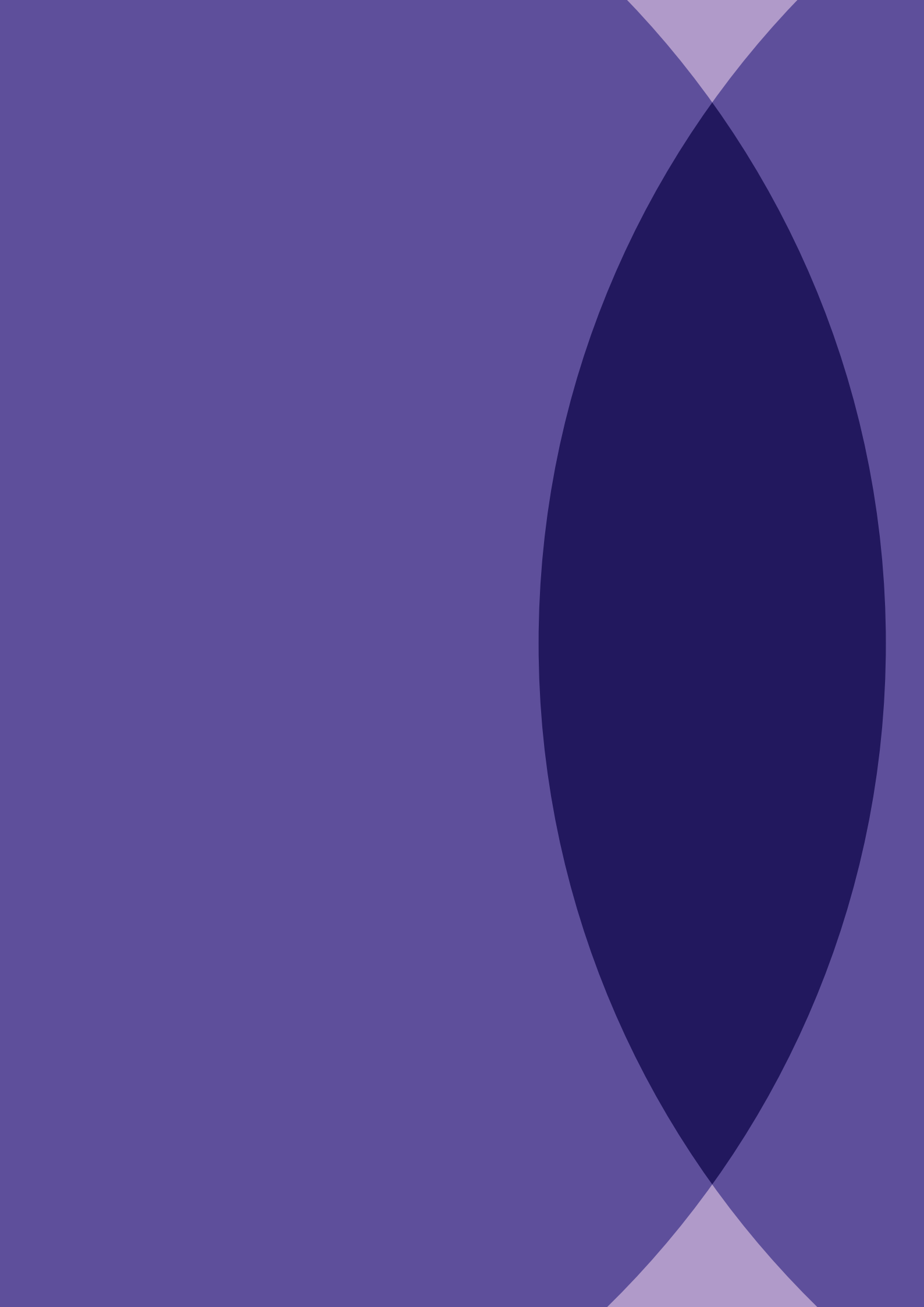
**National Zakat
Foundation**



**Our mission is to
connect every
Muslim in the UK
through Zakat, by
helping Muslims get
their Zakat to those
deserving of it**

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Introduction from the Chief Executive and Chair

Assalamu 'alaikum, Peace be upon you

Right here, with God's help, National Zakat Foundation's (NZF's) Zakat payers and our supporters have been part of something amazing.

In 2019, over 7,500 Muslims trusted NZF to distribute their Zakat. It is a privilege to help Zakat payers with this important commitment. For those who have been paying Zakat or making voluntary donations to us for many years, we appreciate your loyalty. For those who are new payers and supporters, we give you a warm welcome.

Right now, Zakat payers are making a real difference to the lives of Muslims deserving of Zakat in the UK.

In 2019 alone, National Zakat Foundation's (NZF's) Zakat payers helped over 6,200 Muslims. Together, we've helped individuals and families who have fallen on hard times or who are unable to move forward in their lives due to their financial circumstances. Almost every day, Muslims in need in the UK get in touch to let us know about the truly life-changing way Zakat has helped them at a time when they felt like they had nowhere else to turn.

Zakat payers have given over £16m of Zakat through NZF since we launched in 2011, helping Muslims up and down the country to escape poverty, improve their lives and reach their full potential. At the same time, through our Zakat Education and Awareness activities, we've been able to help Zakat payers and potential Zakat payers understand more about how to calculate and give their Zakat in a way which is both religiously sound and achieves real change for Muslims in need.

We've seen NZF grow from a simple idea to a technology-driven platform which has connected Muslims across the country through Zakat, positively impacting the lives of so many Muslims deserving of Zakat. A small team of dedicated people has helped to create this national Zakat network.

NZF Worldwide continues to draw on the UK's model and the learnings from it to establish and support new National Zakat Foundations across the world. In 2020, NZF is opening in both Switzerland and the Netherlands, having already been operating in Australia and Canada since 2013.

Zakat payers giving through NZF have achieved so much. Our donors and supporters are having a hugely positive impact. We're able to achieve even more by working together with committed partner organisations and individuals who both refer applicants and help them to apply. Our donors, supporters and partners bring Zakat to life, helping to create a thriving, closer Muslim community in the UK. Thank you.

Zakat is a unique form of religious social welfare which has the power to uplift the entire community. A lot has been achieved, God be praised, but there remains a lot more to do.

At NZF, along with our Zakat payers and supporters, we're ready and committed to ensure Zakat continues to provide solutions to the issues affecting our community, right here, right now, and long into the future, God willing.



Iqbal Nasim MBE
Chief Executive



Azim Kidwai
Chair of the Board
of Trustees



Section 1

Strategic report





About us

The problem

Almost half of all Muslims in the UK are living in poverty¹. That's more than twice the national average of 20%. And while a third of the population think that Islam threatens the British way of life, those trying to propel the community forward, our emerging religious leaders and other community champions, are being held back by financial circumstances.

At the same time, it's often hard for individual Zakat payers to know how to get their Zakat directly to support local people in need.

The solution

Zakat enables Muslims in need to get back on their feet. Zakat also helps those in need who are working hard to uplift the community to access training and education – this improves their ability to serve Islam and Muslims in the UK.

Zakat payers need a trusted way to be able to get their Zakat directly to people in need in the UK.

What NZF does

Our mission is to connect every Muslim in the UK through Zakat. NZF is the only platform with a national reach which helps Muslims get their Zakat to those in need who should be receiving it here in the UK. Rooted in our faith and reflective of our modern times, we're building a nationwide network of support.

Our vision is a thriving, closer Muslim community in the UK, powered by Zakat.

NZF is committed to listen to our Zakat payers. We take time to learn from experience. And we are diligent in ensuring policies are endorsed by a wide range of scholars. It all helps us to get closer to achieving the vision.

Bringing Zakat to life in 2020 and beyond

Zakat payers have shared with us a range of views about how we can make their Zakat-giving experience with NZF even better. NZF has been listening. We've made it clearer who receives Zakat given through NZF, and we've given Zakat payers more choice about where their individual Zakat payment goes and who it helps.

We've also streamlined our online application process for those who need support. This means it's quicker and easier for people to apply for help, and we can complete the thorough eligibility checks more quickly.

UK scholarly organisations have endorsed and certified our Zakat policy and procedures as sound. We have made this certification available on the website. We will maintain our active engagement with a range of scholars.

We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

Achieving our vision: our strategic goals

NZF helps Muslims get their Zakat to those in need who should be receiving it here in the UK. NZF connects UK Muslims through Zakat to make a positive, lasting change for the whole Muslim community locally.

In 2019, 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 (completed in January 2019).
- 3. Leadership Investment:** To give leading institutions and emerging leaders greater capacity to provide solutions for the challenges faced at home, at work and in wider society.
- 4. Zakat Awareness, Education and Calculation:** To help people understand Zakat; to encourage payers to pay their Zakat to recipients in the UK; and to help payers pay the right amount of Zakat.

¹ Social Mobility Commission.
The Social Mobility Challenges Faced by Young Muslims
Stevenson J, Demack S, Stiell B, Abdi M, Clarkson L,
Sheffield Hallam University. (Sept 2017)

Impact at a glance

16,000+

Muslims in need helped since 2011

6,200+

Muslims in need helped in 2019

£3.4m

Total amount of Zakat spent by NZF in 2019

87%

of all 2019
Zakat spend

Economic Empowerment

Over 7,500 Zakat payers supported over 6,200 Muslims deserving of Zakat.

87% of all 2019 Zakat spend was through the Economic Empowerment Programme.

Zakat calculator accessed over
47,000
times

Zakat Awareness, Education and Calculation:

In 2019, NZF made articles available online which received 24,000 hits. Around 6,000 people used our online Helpdesk during Ramadan.

NZF responded to
730
emailed
calculation queries

13%

of all 2019
Zakat spend

Leadership Investment

Zakat payers supported 29 individuals and 4 organisations.

13% of all 2019 Zakat spend was through the Leadership Investment Programme, which included the Muslim Leaders Development Fund.

NZF provided
>170
personal Zakat
consultations by
telephone

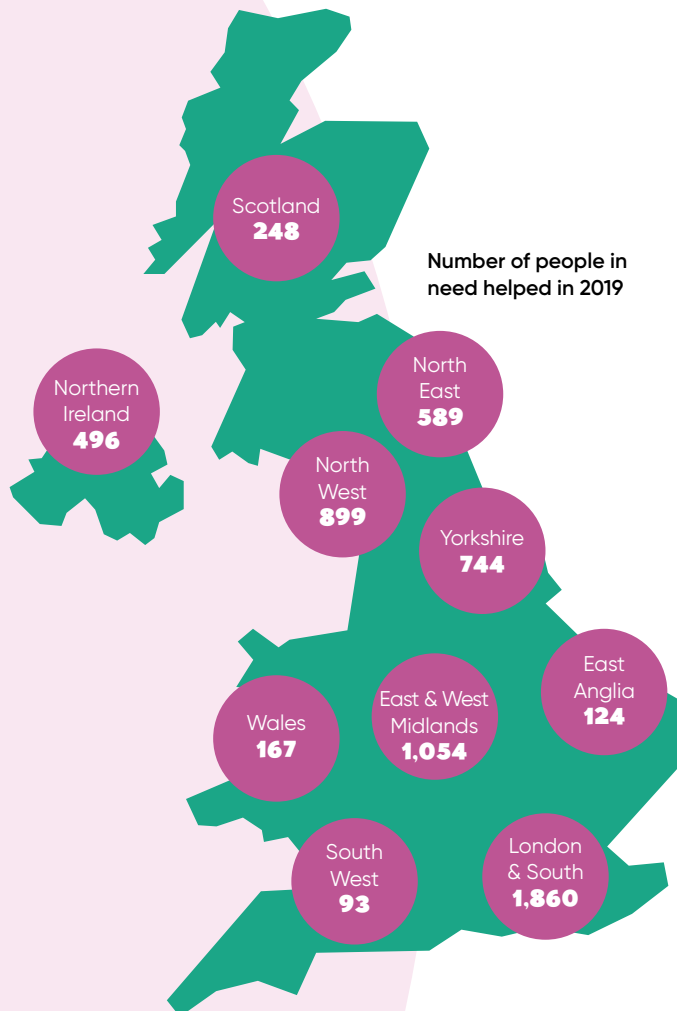
116

survivors
supported

Grenfell Muslim Response Unit (GMRU):

GMRU supported survivors and their families with their needs and helped them get through their difficulties. Survivors, supporters and partners recognised the initiative was successfully completed in 2019.

How Zakat payers and our other donors helped people in need



1. Economic Empowerment

NZF gets Zakat from Zakat payers directly to Muslims in the UK who are in hardship, providing funds to cover basic essentials in a moment of dire need, to help them get out of a rough patch.

We help them cover the costs of food, clothing, housing and other basic living costs for at least the next 3 months. Often, this support is what's needed to get them through a moment of urgent need so they can start to gradually get their lives under control and rebuild.

Who Zakat payers helped

We've now connected Zakat payers to over 16,000 people in need since NZF was launched.

In 2019, Zakat payers supported over 6,200 people in need across the UK through NZF's Economic Empowerment Programme. Zakat supported refugees and asylum seekers, victims of domestic abuse, those facing homelessness and those struggling due to unemployment or low-paid work. They were all going through a rough patch and being held back by their financial circumstances.

87% of all Zakat spend was through the Economic Empowerment Programme.

(Note: to protect the identity of Zakat recipients, we use different names in the real-life examples.)



Zakat recipient: Ubah

Ubah is a 51-year-old single mother of two of Somali descent, based in London.

Ubah had her benefits cut out with no notice. The debt began to spiral out of control. Ubah was on the verge of being evicted from her home. She came to NZF.

NZF was able to get Zakat from local Zakat payers directly to Ubah. We gave her a hardship grant of around £1,600 to cover the bulk of her rent arrears.

Zakat given through NZF saved Ubah from becoming homeless and helped her survive until her benefits came through again.

How Zakat payers and our other donors helped people in need continued

How NZF gets Zakat from Zakat payers directly to Zakat applicants

● Apply

Those in need of Zakat apply online to NZF for help. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process.

● Check

The NZF team conducts meticulous checks to ensure applicants are eligible for Zakat.

● Decide

Our Grant Officers then work with applicants on a personal level to make sure we give them the right support. They aim to get back to applicants as quickly as possible with a decision.

● Support

The Grant Officers usually give cash grants directly to the successful applicant, by bank transfer. Where it is more helpful for the beneficiary, we give vouchers for food, clothing or groceries. We also work with a partner to make sure the beneficiary has furniture, a fridge and a cooker, when this is needed. In addition, Grant Officers refer applicants to any additional funding or help they might be eligible to access.

The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations which provide support and funding to people in need.

NZF appointed an independent consultant to engage a range of scholars to obtain their perspective on NZF's Zakat approach. This process was accompanied by wide consultation amongst payers and other stakeholders.

NZF's Zakat policies and processes are endorsed and certified as sound by UK scholarly organisations: Islamic Shari'a Council and Markaz al-Ifta' wa'l-Qada'.

"I just wanted to share my gratitude for all that you did for my family. You got us through an extremely testing time and kept us housed and off the street which was our biggest fear."

Khadija, Zakat Recipient

"I don't know what to say, I am crying and happy at the same time. All I can say may Allah give you what's in your hearts, may Allah keep you all safe and healthy. You made my wishes come true. May Allah protect you and everyone works with you."

Maryam, Zakat Recipient

The impact of Zakat payers' support

Our Economic Empowerment Programme has:

- Freed Muslims in need from their immediate financial issues.
- Offered dedicated support, so individuals feel more confident about their financial circumstances in the future.
- Helped individuals feel like they belong to a caring and supportive community.
- Enabled Muslims we've supported often report a direct and beneficial impact on their faith.



Zakat recipient: Ruqayyah

Ruqayyah is a 56-year-old woman based in Bradford. Originating from Pakistan, she has no family in the UK. Ruqayyah was battling anxiety, depression and diabetes when her application for Universal Credit was rejected. Struggling to support herself, she was put on suicide watch as she inched closer and closer to giving up on life.

NZF conducted an assessment and decided that Ruqayyah needed critical support. We covered her rent and helped her pay off her debts.

Ruqayyah regained the mental stability she needed to fight the decision to refuse her Universal Credit. She successfully won her case and was able to get her finances back on track.

2. Grenfell Muslim Response Unit (GMRU)

NZF was at the forefront of the effort to support people in the aftermath of this tragic event, which disproportionately affected Muslims. NZF played a key role in forming the Grenfell Muslim Response Unit (GMRU) to help people affected by the Grenfell fire. We hosted the unit from August 2017 until the beginning of 2019.

Many external organisations recognised the effectiveness of GMRU:

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, 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 chose GMRU as one of its distribution partners due to GMRU's close relationship with the families and the trust it had built in the community.

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. Sadiq Khan was a keynote speaker alongside

survivors at the 2019 closing event of the GMRU. The speakers movingly and personally endorsed the efforts and achievements of the Grenfell Muslim Response Unit and celebrated its success.

"The role of the Grenfell Muslim Response Unit in supporting residents of all faiths and backgrounds following the horrific Grenfell Tower fire demonstrated the true spirit of our city. It was a privilege to be back alongside the community tonight and pay tribute to everyone involved."

Sadiq Khan, London Mayor

"The Grenfell Muslim Response Unit is a brilliant show of community spirit. We are delighted to have played a small part in capturing the work of the GMRU, which deserves far more recognition than it has received." **David Cohen, Evening Standard**

"I saw so much humanity from ordinary people. I saw so many Muslim people coming, and I don't know where they were coming from. Some were coming from up north and some from all over the place helping people that were helpless, helpless." **Winston Dowwaris, Grenfell Walkways resident**

"Getting help from the team at GMRU is quick and stress free. I'm never asked 101 random questions, and I was asked if I was OK which makes a real difference. In comparison to others, they have a real human approach." **Zoe Dainton, Grenfell Tower**



Zakat recipient: Muhammad

Muhammad is an 18-year-old domestic violence victim. He was brought up in the UK but his father moved him and his entire family to his native Iraq when he was a child, where the beatings got worse and it was even more difficult for him to get the help he needed. When he was 18 years old, he managed to escape his father's brutal beatings, fleeing Iraq, his father's native

country. Muhammad found himself homeless in the UK, without a passport or any support from family or friends.

NZF paid for Muhammad to have a new passport and to enrol in a college course.

Muhammad was soon able to get a regular source of income, enabling him to start his new life.

How Zakat payers and our other donors helped people in need continued

3. Leadership Investment

The Leadership Investment Programme continued to invest in leading institutions and emerging leaders – our future imams, scholars and community champions.

Zakat payers funded organisations and individuals seeking to improve one or more of the following themes:

- 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.

This gave them greater capacity to serve the Muslim community in the UK and propel the whole community forward.



In 2019, Zakat payers supported leading institutions and emerging leaders with approximately £450,000 of Zakat, around 13% of the total amount we distributed.

How Zakat payers helped organisations

Zakat payers supported four vital organisations that make an impact on thousands of people in the UK:

- Cambridge Muslim College
- Muslim Council of Britain's Centre for Media Monitoring
- Turath Scholarship Fund
- Federation of Student Islamic Societies (FOSIS)

Zakat payers supported organisations with grants totalling £214,443 in 2019.

Zakat recipient: Centre for Media Monitoring (CfMM)

The Centre for Media Monitoring (CfMM) is a watchdog for the print and broadcast media, set up by MCB to monitor, challenge and proactively engage with the UK media to improve the way it reports about Islam and Muslims.

A dedicated team of experts keep a close eye on every article published in the media which mentions Islam or Muslims in the UK. They meticulously document and analyse each occurrence.

The CfMM has made over 500 complaints and secured over 250 corrections from newspapers and broadcasters since it began its work two years ago. In addition, the CfMM has delivered 32 media training workshops and held a 'Meet the Media' event with editors and community organisations. They have engaged with editors and executives from all national print and broadcast media as well as with regulators and policymakers. The CfMM

has produced ground-breaking reports, held successful roundtables with the media and trained individuals, mosques, charities, educational institutes and professional organisations from the Muslim community in how to engage proactively with the media.

NZF provided funding to the CfMM to carry out this vital work.

"The support National Zakat Foundation has given has allowed us to hold the media to account and ensure that it reports on Islam and Muslims accurately and responsibly. We would like to thank all of you who have donated to the National Zakat Foundation and helped NZF to help us work on your behalf." Rizwana Hamid, Director, Centre for Media Monitoring.

How Zakat payers helped individuals

Zakat payers supported 29 individuals through the Leadership Investment Fund.

Aziz Foundation partnered with NZF on the Muslim Leaders Development Fund (MLDF). MLDF Applicants identified education or training that increased their effectiveness in one of the Leadership Investment themes.

Successful applicants then applied for academic and vocational courses.

Zakat payers supported individuals with grants totalling £237,531 in 2019. Average grant size was £8,190.

"We have been working closely with the National Zakat Foundation on the Muslim Leaders Development Programme for over two years. As a partner and funder of the programme, we have found working with NZF to be a pleasure. NZF is committed to serving British Muslims and carries its duties out commendably. I have always found the leadership at NZF to have communicated with us at Aziz Foundation well. I would not hesitate to recommend any organisation seeking to work with NZF and believe the organisation is true to their mission and vision." **Aftab Ahmed, Programme Manager, Aziz Foundation**



Zakat recipient: Farah

The MLDF gave financial support to Farah, a community worker from London who conducts parenting classes and workshops for her local community. Farah was supported to undertake the Triple P UK Positive Parenting Programme to enhance her work. She's since been able to facilitate weekly parenting classes, deliver local workshops and hold one-to-one sessions with families to help them find solutions to their challenges. Her future ambition is to design a compulsory parenting programme for young men and women before they get married and an informative guide for parents on how to raise their children in an Islamic way in this modern world.

"I am thankful to MLDF, its funding enabled me to gain knowledge, understanding and experience in the area of parenting and supporting the youth through turbulent times in their lives. I feel that the accreditation I have acquired as a result of completing the course has allowed me to support the Ummah locally, nationally and globally as parenting is an issue which touches the lives of so many people." **Farah**

How Zakat payers and our other donors helped people in need continued

4. Zakat Awareness, Education and Calculation

We continued to provide Zakat awareness, education and calculation services to UK Zakat payers in 2019. This is funded by voluntary income (Sadaqah and Riba).

These services:

- spread knowledge about the spiritual and societal significance and impact of Zakat.
- Increase understanding of the need for Zakat in the UK.
- Improve understanding of how to calculate Zakat.

How our donors 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.

We also raised awareness of the issue of missed Zakat. We then gave individual telephone consultations to ensure Zakat payers correctly calculated and paid any Zakat they may have missed over the years.

"Jazak Allah for your time on the call, and for the prompt response with the Zakat calculation template. Insha'Allah I will calculate the backdated amounts and aim to pay them at the earliest." **Zakat payer, following a missed Zakat consultation with our in-house expert scholar**

The impact of our donors' support

In 2019, NZF made articles available online which received 24,000 hits. Around 6,000 people used our online Helpdesk during Ramadan. The Zakat calculator was accessed over 47,000 times. NZF responded to 730 emailed calculation queries and provided over 170 personal Zakat consultations by telephone.

Payers gave their Zakat 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: Faisal

Faisal is an Imam and Deputy Headteacher at an Islamic school in Gloucestershire.

NZF gave financial support to Faisal through the MLDF.

This support enabled Faisal to complete his Islamic Counselling Level L2 + L3 courses to gain the skills needed for counselling his community. Faisal now wishes to complete a diploma in counselling to become a more effective leader and Imam. He hopes to open his own counselling practice, the first of its type by a Muslim in Gloucestershire.

"The MLDF award enabled me to afford the course and travel fees which would have otherwise been too much for me to even consider the course. As both head of Pastoral Care and Deputy Head Teacher in the school, I am responsible for the well-being of my staff and the children in my care. As an Imam, one of the greatest roles I play is as the ears for the community to talk to and the shoulder for everybody to cry on."
Faisal

How we raised and spent the funds we were given

Income:

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

In 2019, we generated total voluntary income of £3,798,373 (2018: £4,629,679). Total expenditure was £4,268,454 (2018: £4,535,295). We had net outgoing resources in 2019 of £458,289 (2018: net incoming resources £102,956).

The main source of our income was Zakat payments, comprising £2,763,877 (2018: £3,371,396). The majority of Zakat payments received were one-off as opposed to regular contributions. Approximately 80% of the payments were received in Ramadan. Beneficiaries need and apply for Zakat throughout the year. This can mean there is a large gap between Zakat income and expenditure in the accounting period. We distribute Zakat within a lunar year of any individual Zakat payer's payment to NZF – on average, we distribute Zakat within five to six months.

The work of the Grenfell Muslim Response Unit, which was co-ordinated by National Zakat Foundation, was completed in early 2019. Restricted income for the purpose of supporting families in the Grenfell tragedy comprised of Grenfell Muslim Response Unit (GMRU) grant income of £3,500 (2018: £35,000) and other restricted donations of £3,750 (2018: 8,500).

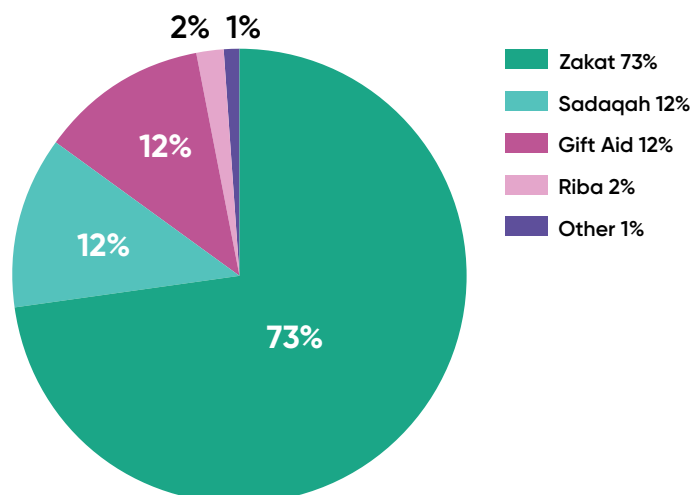
We received £517,253 (2018: £684,058) of unrestricted Sadaqah and Riba funds in the year which, along with £459,851 (2018: 457,672) of Gift Aid, were critical to cover non-grant

costs of the charity. Income for NZF services of £15,591 (2018: £nil) is a new albeit small category of additional income, received from the occasional renting out of unused office space for community activity and from our in-house scholar advising NZF Worldwide on a part-time basis. 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 towards enabling NZF to grow and achieving our vision.

The value of Zakat paid to NZF was lower than originally anticipated. The Serious Incident reported to the Charity Commission (explained in the Governance section below) caused some donors to link NZF to areas not funded by NZF and so is likely to have been a key reason behind the lower income. We have managed this variance prudently: it has resulted in a review by NZF's Board of Trustees of how NZF can better meet donor and payer needs of trust in the charity, choice and transparency; how the objectives of NZF can be fulfilled consistently over time; and how the organisation can be resilient to any similar financial variance whilst increasing its agility going forward. Our cash reserves at the end of December 2019 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2020.

Our non-Zakat income in 2019 was higher than originally anticipated, as we were able to reclaim Gift Aid on more voluntary income than expected.

Sources of income



How we raised and spent the funds we were given continued

Expenditure:

Of the £3,381,177 (2018: £3,154,988) of Zakat we distributed in 2019:

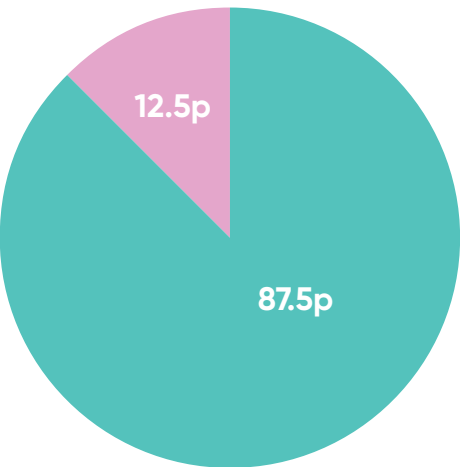
87% being £2,929,203 (2018: £2,646,642) was spent on Economic Empowerment. This includes £nil (2018: £60,660) on supported housing projects which were transitioned to other providers in 2018.

13% being £451,975 (2018: £508,346) was spent on Leadership Investment. In 2019, over half of all Leadership Investment grants were made to 29 individuals; the rest were grants made to four organisations.

As part of supporting families affected by the Grenfell tragedy, the Grenfell Muslim Response Unit (GMRU) distributed £11,843 (2018: £109,212) to ensure survivors' ongoing needs could be met when the project was completed and closed in early 2019.

We have an internal policy of ensuring no more than 12.5% of Zakat is spent on charitable activity relating to the cost of effectively, efficiently and compassionately getting Zakat to where it is needed. There are direct people costs and direct process costs. The actual percentage in 2019 was 12.5% (2018: 11.5%). We have committed to reduce this to no more than 10% in 2020. We plan to achieve this through technological efficiencies.

How your Zakat was spent:

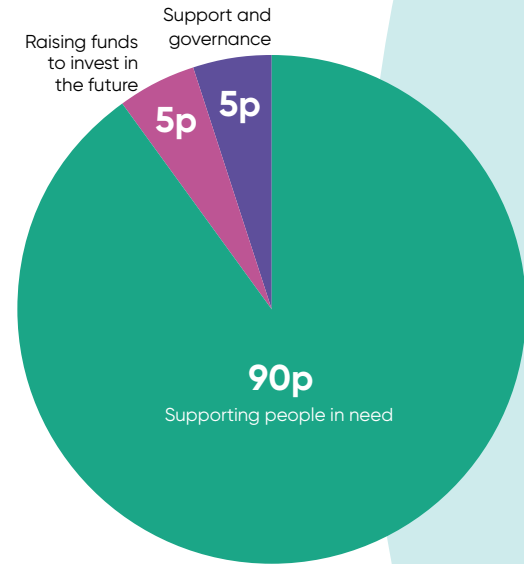


Of every £1 of your Zakat spent,

- 87.5p went directly to people deserving of Zakat
- 12.5p went on getting Zakat to people deserving of it

We incurred support and governance costs of £211,988 (2018: £239,154) during the year. Governance costs relate to audit fees, professional fees, license fees and compliance costs, and related staff costs (see note 5). We covered these costs entirely by Sadaqah, Riba and any other non-Zakat funds, which equated to 5% (2018: 5%) of total spending. The cost of raising funds was a further 5% (2018: 6%) of total spending, again covered entirely by Sadaqah, Riba and any other non-Zakat funds.

How we spent our funds



This means that of every £1 NZF spent,

- 90p went on supporting people in need
- 5p went on raising funds to invest in the future
- 5p went on support and governance to make sure the charity is run well.

We invested over £60,000 in capital expenditure to enable NZF to embark on a digital transformation. This will help to improve the experience for Zakat payers, donors, applicants and all other users.

Thank you

Zakat payers, organisations and partners have enabled NZF to support many people in hardship as well as emerging religious leaders and other community champions deserving of Zakat.

Beneficiaries who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible, the Zakat payers who have chosen to give through NZF. On behalf of all of them and from us at NZF, thank you.

Individuals, organisations, agencies, community groups and mosques have helped those in need to access our services through signposting and submitting applications on their behalf.

In addition, our work is strengthened by partners.

We look forward to building upon existing relationships and forging new ones in 2020 and beyond.

Together, we have achieved genuine change, helping Muslims in the UK escape poverty and unlock their potential, individually and as a community.



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
Faith Centre, Bradford
Hestia
IHRC
Migrants Organise
Project 17
Refuaid
Unity Centre, Glasgow

Grenfell Muslim Response Unit
Abdullah Aid
Al Imdaad Foundation
Brick Lane Muslim Funeral Service
British Red Cross
Al Manaar Mosque
Children of Jannah
Cornwall Hugs
Eden Care
Grenfell Legal Support
Islamic Relief UK
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

It remains our commitment to uphold Zakat, the third pillar of Islam. We therefore strive to provide a platform for local giving that is grounded in our faith at the same time as being fit for purpose in our modern times.

Zakat payers can be confident that their Zakat reaches individuals eligible for Zakat. All Zakat paid in 2020 will be used to fund individuals.

An improved online application process will help more applicants in need apply more quickly to the right fund that will give them the right support for their needs. It will also speed up our ability to conduct eligibility checks.

The Education Fund will fund individuals in need of education support, directly replacing the Muslim Leaders Development Fund. It will provide funding for eligible individuals engaged in community service for course fees and training.

In 2020, we will no longer be funding institutions with Zakat. Owing to an existing commitment, the Centre for Media Monitoring is still being funded, but with Zakat given in 2019. Funding for this initiative will conclude in 2020.

Since NZF began, we have rigorously ensured our faith is at the heart of all we do. Our approach is certified as legally compliant by the UK Islamic Shariah Council and Markaz al-Ifta' wa'l-Qada', the Centre for Religious Rulings & Mediation. We'll continue to work with in-house and independent Islamic scholars, experts and practitioners to refine our Zakat policies and processes, which are both rooted in our faith and relevant to our time and place.

We'll continue to raise awareness, educate and inform about Zakat across the country, providing online resources, consultation services and webinars. We'll also work with a range of networks and organisations to spread knowledge about Zakat even further.

We expect Zakat income in 2020 to increase as payers see the impact of COVID-19 on increasing hardship close to home within the UK, as well as due to the increased effectiveness of our online marketing approach. In 2020, to improve the Zakat payers' experience, we plan to offer Zakat payers more choice at the time of payment as to where they would like their Zakat to go. Zakat payers will be able to choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing & Work and Education. We're also committed to letting Zakat payers know when their payment gets to those who need it.

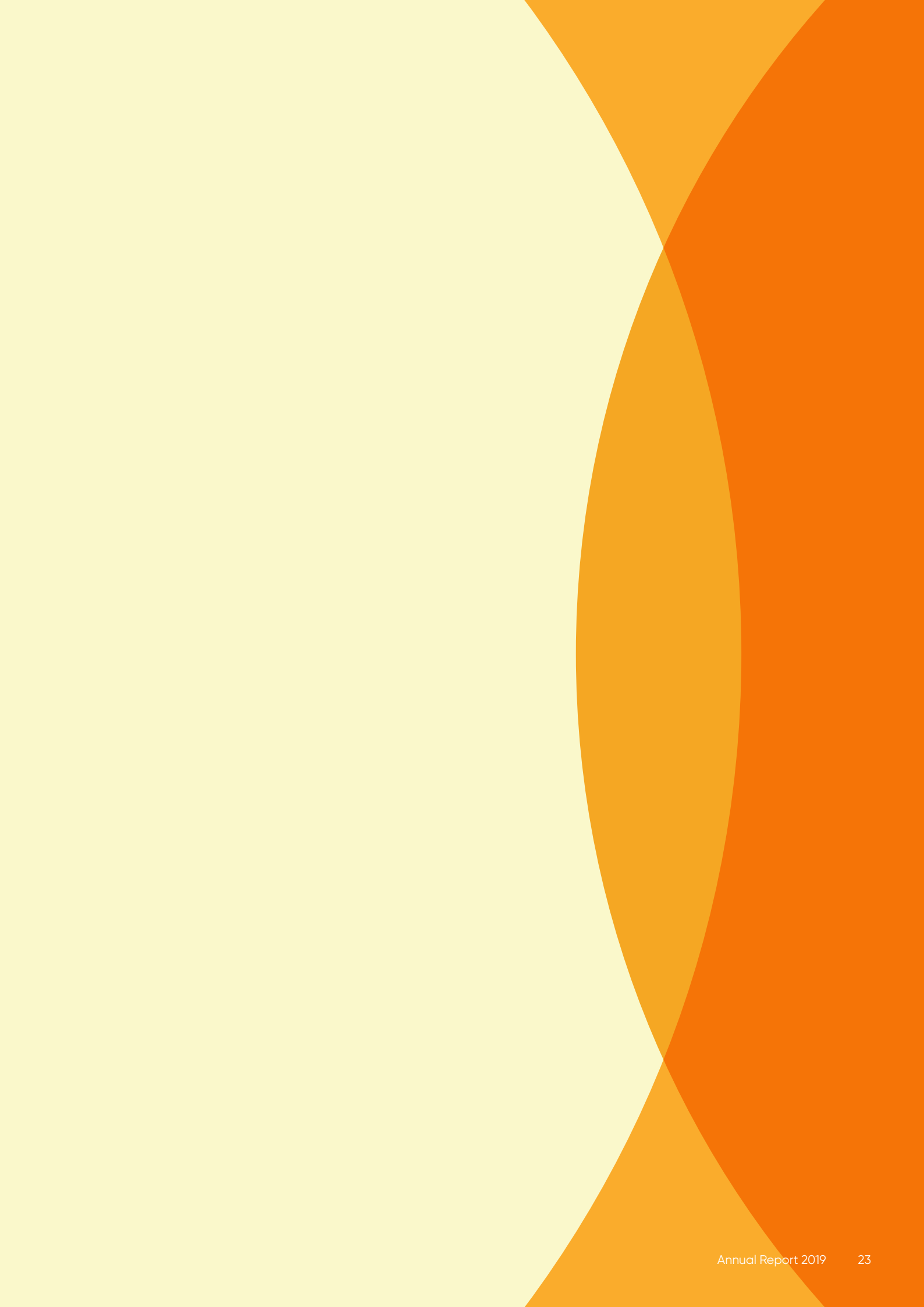
We plan to recruit more staff to support directly the increased number of people applying for Zakat as a result of COVID-19 and to enable increased Zakat expenditure. Overall, we plan to reduce the proportion of Zakat spent on effectively, efficiently and compassionately getting payments directly to where they are needed from 12.5% to 10% through technological efficiencies. By the end of Q1 2020, Zakat payers will be able to cover this cost with Sadaqah if they want 100% of their Zakat to go to the recipient.

In 2020, we'll be increasing expenditure on raising funds, having had a low investment in this area in 2019.



Section 2

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:

Employee engagement surveys

Our staff participate in quarterly employee engagement surveys, giving helpful feedback on what it is like to work at National Zakat Foundation. During 2019, over 90% of participating staff said that “the mission of NZF inspires them”. In addition, employees meet regularly to discuss ideas and provide feedback.

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.

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 2019, the key management personnel comprised: the Chief Executive, Director of Leadership Investment Programme, Director of Operations and the Head of Marketing.

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 and NZF's overall budget. For 2019, we also took into account the personal circumstances of the employee. 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 2019, we had 10 volunteers.

Volunteers have been involved in three areas: contributing professional services; caseworker, administration and reception support; and raising awareness.

In 2019, five professionals within the finance, human resources and legal sectors contributed their time and professional services on a pro bono or reduced cost basis. The value of their services given in kind is approximately £45,000.

During the year, we've had four volunteer Grant Officers contributing on average 2 days per week for an average duration of 3-6 months. In addition, NZF has benefited from one long-term volunteer Grant Officer. Volunteers are supported and trained in their roles by employees and given assistance where required.

We have supporters across the country who help communicate the work of NZF.

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.

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



How we manage the money Zakat payers and our other donors 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:

Financial:

The risk of insufficient generation of non-Zakat funds to cover the cost of ensuring the grant gets to those who need it, as well as the core costs of the organisation. 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 we use Zakat to fully cover the direct cost of grants and – from February 2020 – giving the donor the option to have 100% of their Zakat distributed to individuals in need by donating an equivalent amount of non-Zakat funds instead. Historically, sufficient non-Zakat funds including Gift Aid have been generated to cover core costs of operations and the cost of raising funds. 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 CEO 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. We have put in place staff training, with the team responsible for distributing grants to those in need additionally benefiting 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 area 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

We made continuous improvement in the use of our Customer Relationship Management (CRM) system for applicants' and payers' records. We also further 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 Head of Marketing manages all income-generation activities, guided and monitored by the CEO, with overall oversight by the members of the Board. The charity's employees and consultants carry out fundraising activities for the charity. In 2019, we did not use professional fundraisers or have any commercial participators.

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're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with 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 member of staff has a role to play, and we have regular training to ensure we're 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 five members. The Trustees who served during the period and up to the date of this report are set out on page 30.

The Board meets at a minimum four times a year. In addition, the Board has a Finance and Audit Committee which 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 the 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; 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.

Openness and accountability

We make our charity's impact accessible to donors and stakeholders through our website and update it on an ongoing basis. We 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.

How we are governed continued

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 objects 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 was a serious incident in 2019, when an internal document was leaked to an anonymous blogger. Information related to individuals funded in 2017 was used to link NZF to areas not funded by NZF. The article was widely circulated, and it is likely that this contributed to significant loss in Zakat income. NZF communicated that no Zakat was used to support those areas. In line with policy, the ICO and the Charity Commission were informed. Both organisations confirmed they were satisfied appropriate steps had been taken.

We have a conflicts of interest policy and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold the position.

We account for all our income meticulously. In 2019, HMRC reviewed a sample Gift Aid claim in detail and concluded the charity demonstrated a full audit trail.

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. We currently have four male Trustees and one female Trustee.

Environmental impact

We are also constantly striving to reduce the charity's impact on the environment. All Board papers are provided online only, all applications are now fully online and all donor and application records are stored online.

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.

In addition, NZF UK benefits from services provided by NZF Worldwide, in line with a Service Level Agreement. 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 cooperation between NZF entities across the globe to improve the efficiency and effectiveness of asset creation

In 2019, NZF Worldwide secured Shariah certification from the UK's Islamic Shariah Council for NZF UK Zakat distribution policies. NZF Worldwide met with scholars and discussed NZF UK's distribution policy. NZF Worldwide has secured endorsement of the NZF UK model by Zakat bodies from other countries, including Malaysia, Brunei, Indonesia and Nigeria.

In addition, NZF Worldwide represented our model at the World Zakat Forum in Indonesia, represented and showcased the NZF UK model at the 13th International Takaful Summit in London, researched and developed proxies for calculating Zakat on pensions and advised and reviewed the refreshed NZF UK Zakat calculator.

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed, both at the Finance and Audit Committee and at the Board.

The Trustees have reviewed the reserves of the charity.

Each year, substantial non-Zakat funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The charity's total funds at the year-end amounted to £1,801,627 of which £628,283 were unrestricted general funds, £779,476 were unrestricted designated funds for Zakat-eligible individuals and organisations, and £393,870 were restricted funds for distribution to Zakat-eligible individuals, 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, less the costs of depreciation/amortisation) 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.

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.

Investment income was £11,792 in 2019 (2018: £8,571).

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 OBE

Sabah Gilani OBE

Azim Kidwai (Chair)

Ibrar Majid (resigned 31 October 2019)

Tariq Surty

Muhammed Yesilhark

CHIEF EXECUTIVE

Iqbal Nasim MBE

AUDITOR

Sayer Vincent

Invicta House

108-114 Golden Lane

London

EC1Y 0TL

BANKERS

Al Rayan Bank

394 Coventry Road

Small Heath

Birmingham

B10 0UF

Lloyds Bank

PO Box 1000

BX1 1LT

SOLICITORS

Bates Wells

10 Queen Street Place

London

EC4R 1BE

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.

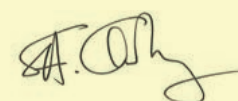
The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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 auditor is 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



Sultan Choudhury OBE
Trustee

30 June 2020

Section 3

Financial statements



Independent auditor's report

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) for the year ended 31 December 2019 which comprise statement of financial activities, 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 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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 31, 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. 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.



Jonathan Orchard (Senior statutory auditor)
7 July 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities

	Note	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations	2	3,223,771	–	3,223,371	4,252,477	342,202	4,594,679
Charitable activities							
Economic Empowerment	2		567,352	567,352	–	–	–
Grenfell Muslim Response Unit	2	–	7,250	7,250	–	35,000	35,000
Investment income	3	11,792	–	11,792	8,571	–	8,571
TOTAL INCOMING RESOURCES		3,235,563	574,602	3,810,165	4,261,048	377,202	4,638,250
RESOURCES EXPENDED							
Raising funds	4	234,282	–	234,282	272,587	–	272,587
Charitable activities							
Economic Empowerment	4	3,045,502	173,482	3,218,984	1,137,330	1,907,939	3,045,269
Grenfell Muslim Response Unit	4	–	11,843	11,843	–	109,212	109,212
Leadership Investment	4	509,813	–	509,813	546,365	–	546,365
Zakat Education and Calculation	4	293,532	–	293,532	561,862	–	561,862
TOTAL RESOURCES EXPENDED		4,083,129	185,325	4,268,454	2,518,144	2,017,151	4,535,295
Net income/(expenditure)		(847,566)	389,277	(458,289)	1,742,904	(1,639,949)	102,956
Transfer between funds	12	538	(538)	–	–	–	–
Net movement in funds		(847,028)	388,739	(458,289)	1,742,904	(1,639,949)	102,956
Reconciliation of funds:							
Total funds brought forward	13	2,254,786	5,131	2,259,917	511,882	1,645,080	2,156,962
Total funds carried forward		1,407,758	393,870	1,801,628	2,254,786	5,131	2,259,917

Balance sheet

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	64,165	98,379
Intangible assets	9	58,104	0
		122,269	98,379
CURRENT ASSETS			
Debtors	10	76,348	51,304
Cash at bank and in hand		412,890	1,077,811
Deposit accounts		1,217,336	1,105,544
		1,706,574	2,234,659
LIABILITIES			
Creditors: amounts falling due within one year	11	(27,216)	(73,122)
TOTAL NET CURRENT ASSETS OR LIABILITIES		1,679,358	2,161,538
TOTAL NET ASSETS OR LIABILITIES		1,801,628	2,259,917
THE FUNDS OF THE CHARITY			
Unrestricted Funds			
Designated funds	13	779,476	1,790,645
General funds	13	628,283	464,141
Restricted Funds			
Restricted Zakat funds, restricted Sadaqah and grants	13	393,870	5,131
TOTAL FUNDS		1,801,628	2,259,917

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 30 June 2020 and signed on its behalf by:



Sultan Choudhury OBE
Trustee

Statement of cash flows

	2019 £	2018 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(499,726)	93,479
Cash flows from investing activities:		
Dividends, interest and rents from investments	11,792	8,571
Purchase of property, plant and equipment	(65,195)	(2,290)
Deposit account greater than 3 months	(111,792)	(6,449)
Net cash provided by (used in) investing activities	(165,195)	(169)
Cash flows from financing activities:		
Repayments of borrowing	–	–
Cash inflows from new borrowing	–	–
Receipt of endowment	–	–
Net cash provided by (used in) financing activities	–	–
Change in cash and cash equivalents in the reporting period	(664,921)	93,310
Cash and cash equivalents at the beginning of the reporting period	1,077,811	984,501
Change in cash and cash equivalents due to exchange rate movements	–	–
Cash and cash equivalents at the end of the reporting period	412,890	1,077,811
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(458,289)	102,956
Adjustments for:		
Depreciation charges	41,305	42,175
Dividends, interest and rents from investments	(11,792)	(8,571)
(Increase)/decrease in debtors	(25,044)	(3,143)
Increase/(decrease) in creditors	(45,906)	(39,937)
Net cash provided by (used in) operating activities	(499,726)	93,479
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	412,890	1,077,811
Total cash and cash equivalents	412,890	1,077,811

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 (SORP) 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).

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. Awards are given on the basis of secured income. 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 31.

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

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1.4. Volunteers

Volunteers support the work of National Zakat Foundation in three ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

Grant Officer support

Volunteer Grant Officers, both short-term and long-term, have worked with the Zakat distribution team to provide assistance in the processing of Zakat applications and queries. Volunteer Grant Officers have direct interaction with Zakat applicants, and the role is one that provides invaluable experience of being on the front line. Volunteers are supported and trained in their roles by employees and given assistance where required.

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.

Due to the difficulty in valuing the total contribution of volunteer time and skills, 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 and governance costs

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. 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 5 years
Fixtures, fittings and equipment	–	Straight line over 3 years
Intangible assets	–	Straight line over 3 years

All items of expenditure greater than £750 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 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Zakat	2,231,076	532,801	2,763,877	3,080,747	290,649	3,371,396
Zakat-ul-Fitr	–	10,682	10,682	–	14,815	14,815
Fidyah and Kaffarah	–	23,869	23,869	–	28,238	28,238
Sadaqah	442,999	3,500	446,499	620,337	8,500	628,837
Riba	74,254	–	74,254	63,721	–	63,721
Income for NZF services	15,591	–	15,591	–	–	–
Gift Aid	459,851	–	459,851	457,672	–	457,672
Grant income	–	3,750	3,750	30,000	35,000	65,000
	3,223,771	574,602	3,798,373	4,252,477	377,202	4,629,679

From May 2019, we gave payers the choice to restrict their Zakat to be given to individuals in poverty only.

From May 2018, we changed the way we committed to use Zakat funds, and as a result monies received from that date are classified as unrestricted. We designated these unrestricted funds specifically for programmes benefiting Zakat-eligible applicants and projects, and not for the cost of raising funds or for core costs.

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

Notes to the financial statements

continued

3. INVESTMENT INCOME

	Total funds 2019 £	Total funds 2018 £
Income on deposits	11,792	8,571
	11,792	8,571

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 £	Cost of raising funds £	Total 2019 £	Total 2018 £
Direct employees cost	287,818	–	20,963	52,088	360,869	20,120	380,988	619,455
Direct costs	2,778,902	11,843	463,160	222,229	3,476,134	199,345	3,675,478	3,676,686
Support and governance costs	152,264	–	25,690	19,215	197,170	14,818	211,988	239,154
	3,218,984	11,843	509,813	293,532	4,034,172	234,282	4,268,454	4,535,295

Prior Year

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of 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

Expenditure by income type

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2019 £	Total 2018 £
Zakat (restricted and unrestricted designated)	2,929,203	–	451,975	–	3,381,177	–	3,381,177	3,154,988
Zakat-ul-Fitr	10,682	–	–	–	10,682	–	10,682	14,815
Fidyah and Kaffarah	23,869	–	–	–	23,869	–	23,869	28,238
Grant income	–	8,343	–	–	8,343	–	8,343	100,712
Restricted Sadaqah	–	3,500	–	–	3,500	–	3,500	8,500
Unrestricted funds	255,231	–	57,838	293,532	606,601	234,282	840,883	1,228,042
	3,218,984	11,843	509,813	293,532	4,034,172	234,282	4,268,454	4,535,295

We have an internal policy of ensuring no more than 12.5% of Zakat is spent on charitable activities relating to the cost of effectively, efficiently and compassionately distributing Zakat. The actual percentage in 2019 was 12.5% (2018: 11.5%). We have committed to reducing this to 10% in 2020.

Prior Year

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of 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

Notes to the financial statements

continued

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2019 £	2018 £
Support costs		
Office administration	70,931	92,038
Office services	80,342	72,160
Governance (incl external audit)	60,714	74,956
	211,988	239,154
Governance costs:		
Audit fees	10,920	13,200
Auditor fees for non-audit services	–	–
Other professional fees	9,163	10,430
Licence fee and compliance costs	28,317	28,317
Staff costs	12,314	23,009
	60,714	74,956

During 2019, other professional fees consisted of legal fees and external accountancy services.

6. GRANTS PAID TO ORGANISATIONS

Programme	Organisation	Project	2019 £	2018 £
Economic Empowerment	St Mungo's	Cedars Road supported housing project for homeless women – London		70,661
Economic Empowerment	St Mungo's	Date Palm supported housing project for homeless prison leavers – London		54,845
Economic Empowerment	Trident Reach	Supported housing project for homeless women – Birmingham		55,492
Economic Empowerment	Threshold	Supported housing project for homeless women – Manchester		41,200
			–	222,198
Leadership Investment	Cambridge Muslim College	BA Programme	125,000	76,862
Leadership Investment	Muslim Council of Britain	Centre for Media Monitoring	49,943	32,805
Leadership Investment	Turath	Turath Scholarship Fund	30,000	
Leadership Investment	FOSIS	Governance support	9,500	
Leadership Investment	Ramadan Tent Project	Open Iftar London	–	50,000
Leadership Investment	Abu Hanifah Foundation	Nursery start-up	–	39,750
Leadership Investment	The Ark Institute	Launch and setup	–	21,300
Leadership Investment	Sadaqa Day	Sadaqa Day 2018	–	22,500
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
			214,443	289,717
Total grants to organisations			214,443	511,915

7. NET INCOMING RESOURCES

	2019 £	2018 £
Net incoming resources for the period is stated after charging:		
Depreciation and other amounts written off fixed assets	41,305	42,175
Operating lease charges	66,900	69,780
Auditors remuneration (including VAT):		
Audit fees	10,920	13,200
Non-audit fees	–	–

Notes to the financial statements

continued

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

	2019 £	2018 £
Employee costs:		
Wages and salaries	457,747	735,258
Social security costs (employers NI)	40,890	66,395
Employer pension contribution	8,485	8,813
	507,121	810,466

No employee (2018: no employee) had employee benefits in excess of £60,000.

Employee costs exclude amounts paid to external consultants in 2019 of £127,269 (2018: £72,976).

This amount comprises four consultants to support with the distribution of grants to those in need and a consultant Head of Marketing.

Total redundancy cost of restructure in 2018 was £22,462.

The key management personnel of the charity comprised the CEO, 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.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2018: £nil). In 2019, no Trustee was reimbursed for travel expenses (2018: £nil). No charity Trustee received payment for professional services or other services supplied to the charity (2018: £nil).

The key management personnel of the charity comprised the CEO, Director of Leadership Investment Programme, Director of Operations and (consultant) Head of Marketing. Their employee benefits total £162,533 (2018: £213,383) including Employers NI. The employee component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Employee 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:

	2019 No.	2018 No.
Average number of employees	15	24

Average employee numbers by team

	2019 No.	2018 No.
Programmes/distribution of grants	9	9
Marketing	2	11
Operations	3	5
	15	24

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.

10. INTANGIBLE AND TANGIBLE FIXED ASSETS

	INTANGIBLE £	TANGIBLE Buildings £	TANGIBLE Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2019	18,060	155,171	30,073	203,304
Additions in year	62,220	–	2,975	65,195
Disposals in year	(5,250)	–	(3,305)	(8,555)
At 31 December 2019	75,030	155,171	29,743	259,944
Depreciation				
At 1 January 2019	18,060	64,621	22,243	104,925
Charge for the year	4,116	30,250	6,938	41,305
Eliminated on disposal	(5,250)	–	(3,305)	(8,555)
At 31 December 2019	16,926.33	94,871	25,877	137,675
Net book value at 31 December 2019	58,104	60,299	3,866	122,269
At 31 December 2018	–	90,549	7,830	98,379

The intangible additions are capital expenditure to enable NZF to embark on a digital transformation. This is to improve the experience for Zakat payers, donors, applicants and all other users.

11. DEBTORS

	2019 £	2018 £
Trade debtors	–	–
Accrued income	10,093	14,311
Prepayments	35,557	18,689
Other debtors	30,698	18,304
	76,348	51,304

2018 trade debtors and prepayments have been restated to be comparable with 2019.

Notes to the financial statements

continued

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	10,617	19,588
Taxation and social security		12,167
Accruals and deferred income	16,599	41,367
Other creditors		
	27,216	73,122

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 2019, planned future commitments under formal multi-year funding cycle approvals amounted to £59,434 (2018: £190,156).

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Total funds 2018 £
Fund balances at 31 December 2019 as represented by:				
Tangible and intangible fixed assets	122,269	–	122,269	98,379
Net current assets	1,285,490	393,870	1,679,359	2,161,539
	1,407,758	393,870	1,801,628	2,259,917

	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	–	98,379	138,264
Net current assets	2,156,407	5,131	2,161,539	2,018,698
	2,254,786	5,131	2,259,917	2,156,962

14. ANALYSIS OF FUNDS

	1 January 2019 £	Income £	Expenditure £	Transfers £	31 December 2019 £
Zakat (designated)	1,790,645	2,231,076	(3,242,246)	–	779,476
General non-Zakat and grants	464,141	1,004,487	(840,883)	538	628,283
Total unrestricted funds	2,254,786	3,235,563	(4,083,129)	538 –	1,407,758
Zakat	–	532,801	(138,931)	–	–
Zakat-ul-Fitr	–	10,682	(10,682)	–	–
Fidyah and Kaffarah	–	28,869	(23,869)	–	–
Restricted Sadaqah and grants	5,131	7,250	(11,843)	(538)	–
Total restricted funds	5,131	574,602	(185,325)	–	393,870
	2,259,917	3,810,165	(4,268,454)	–	1,801,628

	1 January 2018 £	Income £	Expenditure £	Transfers £	31 December 2018 £
Zakat (Designated)	–	3,080,747	(1,290,102)	–	1,790,645
General non-Zakat and grants	511,882	1,180,301	(1,228,042)	–	464,141
Total unrestricted funds	511,882	4,261,048	(2,518,144)	–	2,254,786
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
Total restricted funds	1,645,080	377,202	(2,017,151)	–	5,130
	2,156,962	4,638,250	(4,535,295)	–	2,259,917

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

From May 2019, we gave Zakat payers the choice to restrict their Zakat to be given to individuals in need only.

From May 2018, we changed the way we committed to use Zakat funds, and as a result monies received from that date are classified as unrestricted. We designated these unrestricted funds specifically for programmes benefiting Zakat-eligible applicants and projects, and not for the cost of raising funds or for core costs.

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 activities by the Grenfell Muslim Response Unit.

Notes to the financial statements

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15. OPERATING LEASE COMMITMENTS

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Office equipment		Total	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Due within one year	66,000	66,000	900	3,780	66,900	69,780
Due between two to five years	66,000	132,000	–	3,780	132,000	135,780
Due in over five years	–	–	–	–	–	–
	132,000	198,000	900	7,560	205,560	

16. RELATED PARTIES

In 2019, Azim Kidwai was a Trustee of NZF and a Director of NZF Worldwide.

NZF paid £24,000 (2018: £24,000) to NZF Worldwide in licence fees as part of a brand licensing agreement. NZF paid £24,000 (2018: £24,000) to NZF Worldwide as part of a Service Level Agreement.

In return, NZF Worldwide secured Sharia certification for NZF UK from the UK's Islamic Sharia Council. NZF Worldwide met with scholars and discussed NZF UK's distribution policy. NZF Worldwide has also secured endorsement of the NZF UK model by Zakat bodies from a number of countries, including Malaysia, Brunei, Indonesia and Nigeria. In addition, NZF Worldwide represented our model at the World Zakat Forum in Indonesia, represented and showcased the NZF UK model at the 13th International Takaful Summit in London, researched and developed proxies for calculating Zakat on pensions and advised and reviewed the refreshed NZF UK Zakat calculator.

NZF UK received £10,207 (2018: £1,100) from NZF Worldwide in respect of consultancy fees from in-house expertise.

Sultan Choudhury OBE is a Trustee of NZF and, until July 2019, an Employee at Al Rayan bank, the charity's bankers. At 31 December 2019, cash balances of £1,606,403 (2018: £2,044,615) were held with the bank. NZF earned investment income of £11,782 (2018: £8,571) and paid £360 in bank charges during the year (2018: £nil).

Sabah Gilani OBE is CEO of Better Community Business Network (BCBN). In 2019, NZF pre-paid £15,000 to be the headline charity partner at the BCBN gala event in 2020.

In 2019, total Trustee donations amounted to £3,476.

Alms are meant only for

1) poor and

2) the needy, and

3) to those who administer it, and

4) to those whose hearts are to be reconciled, and

5) to free those in bondage, and

6) to the debt-ridden, and

7) for the cause of God, and

8) to the wayfarer.

This is an obligation from God.

And God is all-knowing, all-wise.

Qur'an 9:60

Helping you bring Zakat to life where you live

Give Zakat here



National Zakat
Foundation

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National Zakat Foundation is a registered charity
in England and Wales (1153719)