

# Impact Report

and financial statements  
for the year ended  
31 December 2022



National Zakat  
Foundation



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This Impact report includes the Trustees' annual report as required by the SORP and a Directors' report as required by company law

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# Introduction from the Chief Executive and Chair

**Assalamu alaikum. Peace be upon you.**

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**As the Chair and Chief Executive of NZF, it is an honour to present this annual report. 2022 is NZF's 11th year.**

By the grace of God, 2022 is the year we collected the highest amount of Zakat and helped a record number of people in our history. Over 11,700 Muslim givers trusted NZF for the distribution of their Zakat within the UK – compared to 10,400 in the previous year. Our givers provided financial support to over 17,100 Muslims in need within the UK – compared to 11,100 last year. And it has been needed. We received an unprecedented number of applications, driven by the deepening cost of living crisis and rising energy prices.

Our givers come from communities all around the UK. Muslims in need come from communities all around the UK too. Applicants include Muslim families and single parents in need. Whilst we are all affected by the cost-of-living crisis, the poorest amongst us are particularly affected by the continuously increasing food costs and fuel bills. And applicants include thousands of Muslim refugees and asylum seekers who have left difficult situations abroad – including Syria, Sudan, and Yemen – to come here.

In 2022, NZF distributed over £5.5 million of your Zakat, a huge increase from £3.8m in 2021. Through your Zakat, Muslims seeking relief from hardships, Muslims seeking support with housing, and Muslims looking to change their situation through investing in work or educational opportunities have found help from within our community. Recipients of your Zakat now feel closer to the community and stronger in faith.

International humanitarian charities continued to partner with NZF, helping their givers to support Muslims in need in the UK.

Once again, Islamic Relief trusted NZF to distribute some of their givers' Zakat. For the first time, NZF also distributed Zakat from Muslim Aid.

We continued to make improvements to our Zakat distribution service to ensure help is given effectively and efficiently to those in need. We introduced a registration process, so applicants applying to the Hardship Fund can register quickly before submitting their complete application along with all with all the required documents. Our experienced Grants Officers help applicants ensure their application accurately reflects their financial situation.

This year, we initiated a pilot program for Zakat distribution through community partners. Applicants come to local community hubs to seek the necessary support, partners help people fill in their application face-to-face and make initial checks, then NZF verifies and distributes Zakat funds. Applicants access additional services during their visit to the community hub. Initial results indicate this is a successful model for promoting community-level solidarity, ensuring recipients find a supportive community while accessing Zakat assistance. We are keen to expand this pilot in the upcoming year.



## Zakat Recipient: Aliya

*When Aliya suffered a miscarriage at seven months, her physical and mental health took a sharp downturn. Her husband was unable to work, and soon they didn't have enough money to pay for even the most basic of necessities. But your Zakat provided them with hope.*

*"I'm so grateful for the help we've received during such a difficult time. When my wife became unwell and I wasn't able to provide for her properly, it really made me depressed, but now I am more hopeful for the future. Alhamdulillah, our duas have been answered."*

We have built upon Zakat education with a new focus on advocacy. This ensures that National Zakat Foundation can be a trusted voice that represents the needs, struggles and contributions of the Muslim community to inform policy and shape public opinion. Already, these efforts have enabled NZF to take part in discussions with Government including the Department for Levelling Up, Housing and Communities and the Cabinet Office.

We have strengthened our internal governance. We have enhanced the way we manage risks, reviewed the organisation with regard to diversity and inclusion, and established more regular and systematic assessments of NZF's performance through broader team involvement.

NZF has welcomed additional team members and external experts who support our work. This includes experienced Technology advisors and volunteers, supporting in an area that is increasingly crucial to NZF's success. We are happy that almost all our staff recommend NZF as a great place to work!

In the year ahead, there will be a greater focus on Zakat awareness within the community. This includes expanding community partnerships for the distribution of Zakat. We will continue to educate Muslims and others in the UK about Zakat and its importance in both faith development and redistribution of wealth. We expect to distribute more funds from Islamic Relief. We will extend our advocacy, strengthening connections with mainstream charity and local government partners. And we will improve our systems behind the scenes, including our technology, to ensure that we can offer appropriate and prompt support to our givers and our applicants.

NZF Worldwide continues to work closely with NZF UK. The countries within the NZF family are building a mutual network of support, sharing expertise in relevant areas. NZF UK plays a pivotal role within this network. We are pleased to welcome NZF New Zealand to our ever-growing global family. We look forward to welcoming NZF Germany soon.

A growing number of givers have supported more recipients in the UK and enabled us to distribute more Zakat. This is our collective achievement. We can only do this with the continued support of givers, supporters and community partners who have helped amplify our work. We resolve to continue serving our community with transparency, integrity and a commitment to excellence. We're one step closer to achieving our shared ambition: developing a thriving, closer community. Thank you.

Sincerely and with much appreciation,

**Sohail Hanif**  
Chief Executive



**Sultan Choudhury**  
Chair of the Board of Trustees



## Zakat Recipient: Ahmed

When the cost of living crisis hit Imran and his family hard, he couldn't see an end in sight, and was forced to borrow money from his family and friends. As his debt increased, so too did his anxiety, and it took a huge toll on his mental health.

Your Zakat gave him the relief he needed so that he could be there for his family again.

# Section 1

Impact report

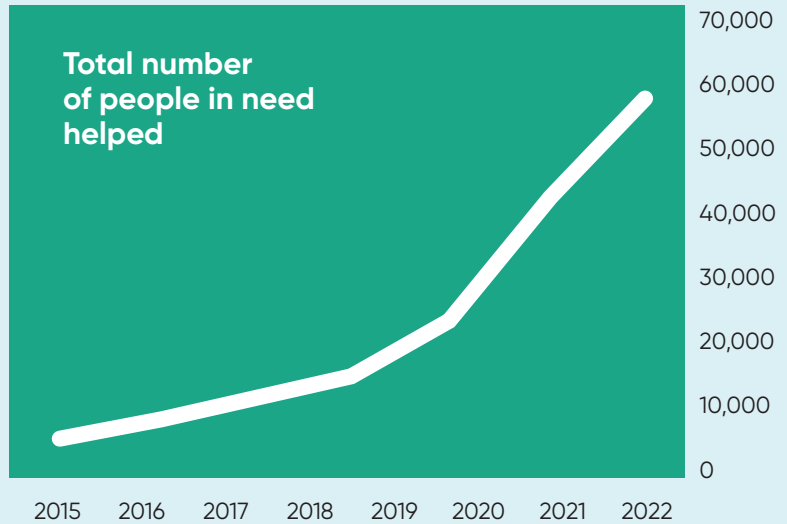


# Impact at a glance

Since NZF began, 11 years ago:

Givers have supported  
**over 59,000 people**

Total Zakat distributed  
**£31.7 million**



## The impact of your Zakat in building a thriving, closer Muslim community<sup>1</sup>



Has the help from NZF made you feel closer to the Muslim community?

Zakat recipients rated the impact on average 4.82 out of 5 –

**that's 96%!**



Has the help from NZF increased your faith?

Zakat recipients rated the impact on average 4.78 out of 5 –

**that's 96%!**



Has the money we gave helped you to get your finances back on track?

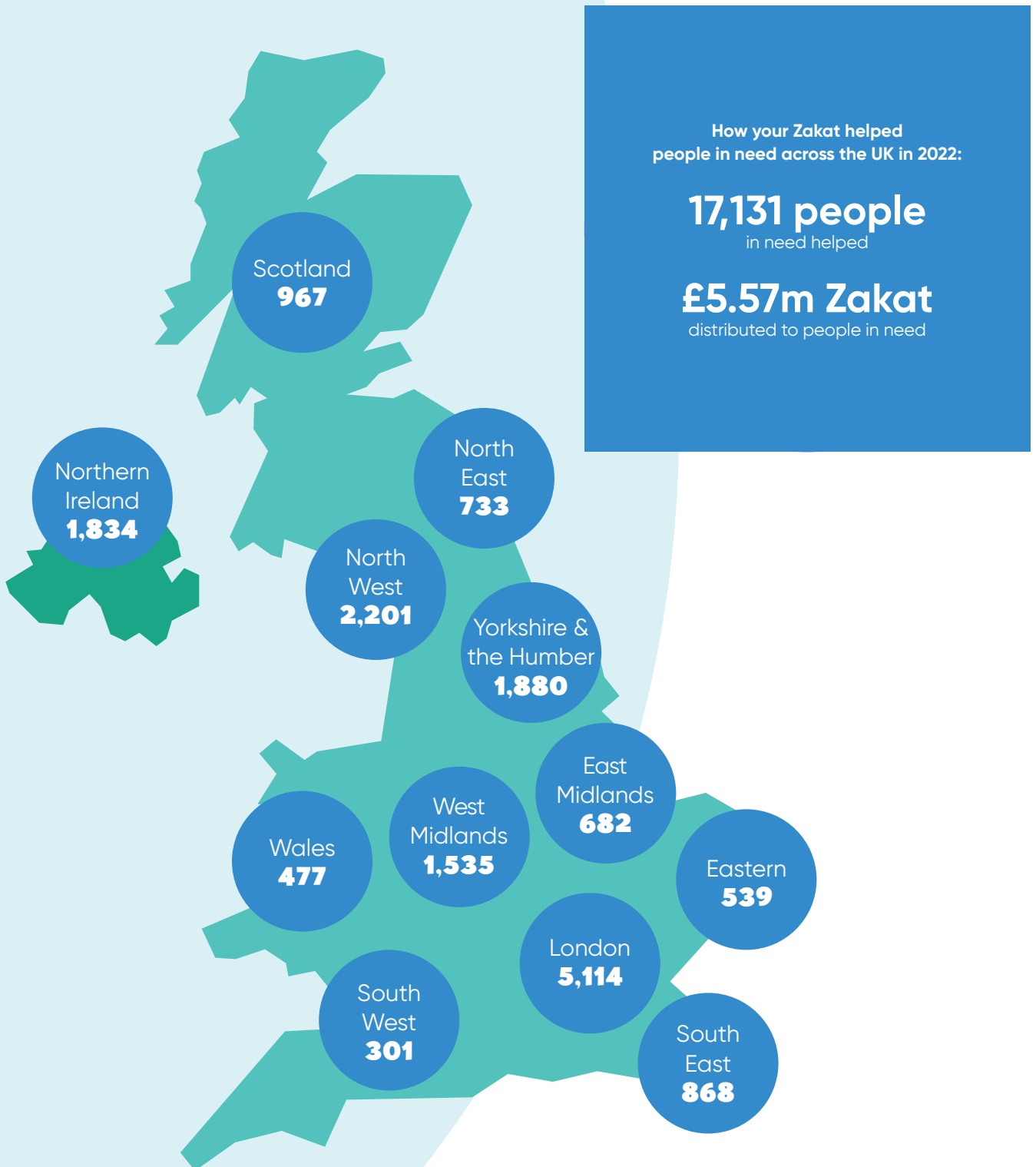
Zakat recipients rated the help on average 4.28 out of 5 –

**that's 86%!**

<sup>1</sup> NZF asks feedback from recipients 3 months after they have received the cash transfer to understand the impact. We use emojis to help recipients with language and literacy barriers respond to questions with ease. Recipients rate each question out of 5.



## In 2022: number of people in need helped



# Impact at a glance continued

## You gave help in these areas

### Hardship Relief

Grants for vulnerable Muslims who are unable to pay for basic living costs.

### Housing & Work

Support to live in affordable liveable and safe accommodation.  
Support for people on low or no income to get qualifications for work to increase their earning potential.

### Education

Grants for education and training to help Muslims better serve Islam and Muslims in the UK.

## How you've helped in 2022, by fund

	People in need you've helped, by fund		Your Zakat distributed, by fund	
	No. of people	%	£	%
Hardship Fund	14,675	86%	£3.8m	68%
Housing & Work Fund	2,350	14%	£1.2m	20%
Education Fund	106	less than 1%	£0.5m	12%
<b>Total</b>	<b>17,131</b>	<b>100%</b>	<b>£5.5m</b>	<b>100%</b>

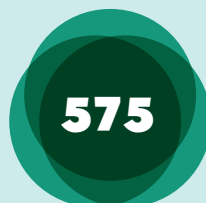
## How people accessed NZF Zakat education services in 2022



attendees at Zakat Masterclasses



personal Zakat consultations conducted



calculation queries answered



number of times knowledge bank accessed



number of times online calculator accessed

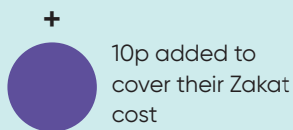
We use all Zakat for charitable activity.

We do not use Zakat to raise funds or for core costs.

### How much of your Zakat is spent on getting it to those in need?

For every £1 of Zakat given, it costs 10p to check applicants and get it to an eligible recipient. Givers choose how to cover this cost.

22% chose to pay extra, so all their Zakat went directly to a recipient.



78% covered their distribution cost through the Zakat they gave.



# About us

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## The challenge

Those who are geographically nearest to us have a special right on us. Zakat is not simply charity, rather Zakat is an institution. It reminds Muslims they are one family, one ummah. Zakat is meant to build real connections in communities, so no-one feels alone or disconnected wherever there is a group of believers. This emphasis of caring for those near us through our Zakat is agreed upon by all schools of law – they differ only in whether they consider this an obligation or a Sunnah.

Yet despite this, most of the Zakat given by UK Muslims is sent abroad to support Muslims overseas. We are not investing enough in our UK Muslim community to address the multiple challenges we face. Two-thirds of Muslims in England and Wales live in areas with high unemployment<sup>2</sup>. Almost half of all Muslims in the UK are living in poverty<sup>3</sup> – that's more than twice the national average of 20%. The pandemic and cost of living crisis have exacerbated existing inequalities: one impact of COVID-19 has been an increase in mental health issues for low-income families<sup>4</sup>; and the poorest tenth of households had an effective inflation rate of 12.5% in 2022 compared to 9.6% for the richest tenth<sup>5</sup>.

## The solution

Zakat given within the UK enables Muslims in need in the UK to regain stability. Zakat also helps those in financial need who are working hard to uplift the community to access training and education. The result of these individual and collective efforts is a thriving, closer Muslim community.

## Another challenge

Individual Zakat givers often find it hard to get their Zakat directly to support people in need in the community.

## Another solution

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

## What NZF does

NZF enables Zakat givers to give their Zakat validly, effectively, and respectfully to eligible Muslims in need in the UK, for short-term financial support and/or for longer-term investment in their future. We emphasise the positive impact of Zakat on community well-being and encourage others to advocate too. We apply our values in all that we do.

NZF is committed to listen to our givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. We offer Zakat givers the freedom to choose the specific fund(s) to allocate their individual Zakat, whether they wish to allocate a portion of their Zakat to cover expenses related to disbursing it to eligible recipients. We meticulously review policies, ensuring endorsement and certification by scholars and make this certification available on the website.

## What's our purpose?

Our purpose is to enable givers to bring Zakat to life where they live, to achieve a thriving, closer Muslim community in the UK.

2. <https://www.theguardian.com/world/2023/mar/24/two-thirds-muslims-england-wales-areas-high-unemployment>

3. 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)

4. Child Poverty Action Group

5. Resolution Foundation (Nov 2022)

### What are our values?

We adhere to four key values:

- **We are pioneering:** We create positive change. We've built the only UK network that connects Muslims through Zakat. This is helping change the lives of Muslims across the country and is creating a thriving, closer Muslim community.
- **We are faithful:** We unite our faith with times. We offer a dynamic way to give Zakat, firmly rooted in our faith. We want to make sure every Muslim who can give Zakat does so in a way that meets the requirements of our faith.
- **We are purposeful:** We care, so we act. We ensure Muslims can give Zakat easily and effectively in the UK. We use Zakat to give the most vulnerable and disadvantaged people in our community the help they need and make sure Muslims with the potential to propel the community forward are not held back by financial circumstances.
- **We are meticulous:** The details matter to us. Our platform hands control to the giver. At the same time, we carefully ensure that Zakat goes to those who should receive it. We care deeply about every penny of Zakat we handle, and who it goes to. Our processes are thorough, and we openly communicate our decisions.

### How do we help?

#### Our charitable activity

Our charitable activities include:

- 1. Hardship Relief Fund:** Help Muslims get through difficult situations by giving them urgent funds to cover essentials such as food and clothing.
- 2. Housing & Work Fund:** Help Muslims get back on their feet with affordable accommodation and the work skills to find a job and sustain themselves and their families.
- 3. Education Fund:** Help strengthen the community by investing in educating and developing Zakat-eligible Muslim scholars and other community champions.
- 4. Zakat Awareness, Education and Calculation:** To help people understand Zakat and its purpose; and to help givers calculate the right amount of Zakat.



**Rizvan Khalid,  
Trustee, Euro  
Quality Foundation  
(corporate foundation  
of Euro Quality  
Lambs)**

*"We cannot recommend NZF enough."*

# How our givers helped people in need

## 1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship, providing funds to cover basic essentials, to help them get out of a rough patch.

We give a grant to help cover the costs of food, clothing, and small debts. Often, this support is what's needed to get them through a moment of urgent need so they can regain peace of mind and start to get their lives back on track.

### Who Zakat givers helped

In 2022, Zakat givers supported 14,670 people in need across the UK through NZF's Hardship Relief Fund (up from 9,444 people in 2021). This fund accounted for 86% of the total Zakat distributed in 2022.

Zakat provided support to refugees and asylum seekers, individuals affected by domestic abuse, those experiencing homelessness and those struggling as a result of unemployment or low-wage employment.

In late 2022, Islamic Relief asked NZF to distribute an additional £300,000 of Zakat given through them to Muslims in need in the UK. NZF received these funds in early 2023. This will be the third time Islamic Relief has partnered with NZF, as part of their strategy to support local Muslims in the UK.



## Hardship Relief recipient: Zaynab

Zaynab was just 12 years old when she fell victim to modern slavery. They forced her to unlawfully claim benefits which resulted in her imprisonment when she turned 18 years old. Once released by the court, as a single mother with deep emotional scars, it was difficult for Zaynab to make ends meet. The added cost of trying to restore her children's British citizenship, which the authorities had removed, made her situation even more pressing. When NZF helped her purchase much-needed essentials for her children, Zaynab was relieved. "After so long, I finally feel less alone. Alhamdulillah, I'm deeply grateful for your support, which will enable me to save money for my eldest daughter's British citizenship so she can pursue further education insha'Allah. Thank you so much for being there for us."

### Zakat Charity Partners

*"The NZF hardship fund is an essential lifeline and provides an immediate helping hand to the most vulnerable families on home ground. Islamic Relief UK is proud to partner with NZF."*

**Tufail Hussain, Director of Islamic Relief UK**

*"We are proud to partner with NZF to ensure that help gets to those individuals and families who need it most."*

**Kashif Shabir, CEO, Muslim Aid.**



In 2022, Muslim Aid approached NZF for Zakat distribution for the first time.

### The impact of Zakat givers' support

The Hardship Relief Fund has achieved the following:

- helped Muslims in need through their immediate financial distress;
- 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.

And Muslims we've supported have often reported a direct and beneficial impact on their faith.

(Note: to protect the identity of Zakat recipients, names have been changed in many of the real-life stories)



### Community Support Grants

In 2022, NZF initiated a trial of Community Support Grants. Local individuals in need applied for help at community organisations, NZF reviewed their initial application assessment, and then the community organisations distributed Zakat funds from NZF. The aim was to empower organisations to serve Muslims in their communities through Zakat and to increase NZF's presence and reach in local communities for givers and recipients, to help develop a thriving, closer community. In 2022, 630 people were helped, with grants totalling £65,100.

In one community organisation, Barking Muslim Association, services had suspended because of Covid-19. The availability of the cash grant increased the number of visitors. The opportunity for individual assessment is allowing the mosque to invite applicants to other relevant services and to design appropriate support services based on their feedback.

**Zakat community partner:**  
Horn of Africa Peoples Aid Northern Ireland

*"National Zakat Foundation's work is invaluable to many who would otherwise be utterly destitute in the UK, due to poverty and legal barriers in the labour market."*

Suleiman Abdulahi, Director and Founder

### 2. Housing & Work Fund

The Housing Fund gives grants to help Muslims in the UK who need support and require assistance in securing affordable, liveable, and safe housing. The Work Fund gives grants to help Muslims in the UK who are facing unemployment or low income to get a job and increase their incomes. From 2023, the Work Fund will be combined with the Education Fund, as they both help Muslims invest in their future.

#### Who Zakat givers helped

In 2022, Zakat givers supported 2,350 people in need across the UK through NZF's Housing & Work Fund (compared to 1,457 in 2021). This fund accounted for 14% of the total Zakat distributed in 2022.

Zakat supported those struggling due to unemployment or low paid work who could not afford the costs for which they were applying for help.

#### The impact of Zakat givers' support

The Housing & Work fund has achieved the following:

- Enabled Muslims to access both safe and affordable housing, and employment opportunities
- Offered dedicated support, so individuals feel more confident about their future financial circumstances;
- Helped individuals feel like they belong to a caring and supportive community.

## Housing Fund and Work Fund recipient: Fatima

Fatima, living in the UK and bringing up her children alone said: "I was struggling to pay my bills, like council tax, water, and a universal credit loan. And that's before things I really needed, like clothes for my baby". When she applied for Zakat, everything changed. A grant from the Housing Fund meant she could furnish her bare flat with essentials such as a bed, fridge, and washing machine. And Zakat wasn't just here for her needs today, but for a better future too. Through the NZF Work fund, Fatima has been able to join a one-year course in Education Practice, which will qualify her for a secure and better-paid job in the future.



# How our givers helped people in need continued

## Work partnerships

NZF, in partnership with the Bradford Foundation Trust and Bradford University, piloted 'New Dawn' - a project supporting vulnerable Muslim refugees with grants to enable them to flourish as entrepreneurs as part of the Work Fund.

Refugees funded included Yannick for a Martial Arts Academy focused on women and young children, and Waelaa, for a mobile alterations business.

### The impact of your Zakat on those entering tech, Zakat Work Fund recipients

"Omar Malik, a recipient of the coding training, said: 'The Muslimic Makers and the NZF team succeeded in providing me with the opportunity to benefit from tech, so may Allah help me to do the same thing and more for others, Ameen.'"

### The impact of your Zakat on refugee entrepreneurs, Zakat Work Fund recipients

"It's great to see such an initiative in Bradford. New Dawn epitomises what Bradford as a city is about, it's a city of business, and a city of a culture that supports entrepreneurs, business start-ups and those who come to our city and are starting new lives while seeking refuge."

**Rt. Hon Naz Shah MP. Member of Parliament for Bradford West**

Other grassroots organisations who have a strong track record of working with and for their local Muslim communities have expressed an interest in expanding this project.

NZF partnered with Muslimic Makers to finance coding training for four Zakat-eligible Muslims to help them develop in the Technology Sector.



## Work Zakat recipient: Abbas

Abbas was a practising doctor in Libya before the conflict broke out. When he fled to the UK, he had to rebuild his life and retrain as a doctor - but the fees were unmanageable. NZF agreed to pay towards his training and related costs. "I ask that God accepts this as an ongoing charity for every Zakat payer who helped make this possible. Your Zakat has helped me become self-sufficient again, and it will continue to support every patient I see until the day I retire."



### 3. Education Fund

The Education Fund gives individual grants for education and training to Zakat-eligible Muslims who can demonstrate a high level of commitment to community service. This aids them to better serve Islam and Muslims in the UK. Zakat-eligible applicants are supported with vocational training courses, postgraduate academic courses, and/or educational resources.

#### Who Zakat givers helped

In 2022, Zakat givers supported 106 people in need across the UK through NZF's Education Fund (compared to 211 last year). This fund accounted for 12% of all Zakat distributed in 2022.

Zakat supported those actively working to serve the community, who were eligible to receive Zakat and could not afford the education and training costs for which they were applying for help.

#### The impact of Zakat givers' support

The Education Fund has achieved the following:

- Enabled Zakat-eligible Muslims to access education and training;
- Offered dedicated support so individuals can build capacity in UK Muslims to serve Islam and their communities;
- Helped Zakat-eligible Muslims feel like they belong to a caring and supportive community.



# The service we provide

**We provide a comprehensive service that benefits both the giver and the recipient.**

**The process is:**

## **Calculate:**

We help Zakat givers to work out how much Zakat they need to give based on their financial situation. We do this through a variety of calculation services including our easy-to-use online calculator, a historical Nisab calculator, one-to-one consultations with Zakat experts, responses to individual queries through dedicated email support from a Scholar, online webinars, a constantly updated knowledge bank and Zakat guides.

## **Give:**

Zakat givers choose where they would like their Zakat to be allocated at the time of payment. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing & Work and Education. Zakat givers also choose whether they would like to cover the Zakat distribution service (of checking and verification of people applying for funds) from their Zakat or through additional sadaqah. We don't use Zakat for core costs or fundraising.

Givers can choose to write messages for recipients.

"You are loved and never alone. May you continue to be blessed & protected eternally insha'Allah."

**Message to recipient from Talha, giver**

We offer numerous methods for givers to pay Zakat. Our integrated PayPal payment gateway accounts for 18% of all payments. Givers also give through Apple Pay, Google Pay and Cryptocurrency.

## **Distribute:**

**Apply:** Individuals in need of Zakat apply to NZF online for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process.

Potential applicants can complete an online self-assessment tool to quickly check if they meet the eligibility criteria, before completing the full application. This saves applicant and grants officer time for applications that do not meet our eligibility criteria.

**Check:** The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat. In 2022, we improved efficiency in the verification process for applicants using up-to-date and more robust financial checks for applicants via open banking, and tighter fraud security, including automated checks on applicant ID.

**Decide:** Our Grants Officers then work with applicants on a personal level to ensure they receive the appropriate support. They aim to get back to applicants as quickly as possible with a decision.

**Support:** For recipients of a Hardship Relief Grant, Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible, or for collection from the national network of Post Offices. Where that is not possible, we send support in the form of digital supermarket vouchers. For recipients of a Housing Grant, we work with a partner to deliver basic furniture, a fridge and a cooker where this is needed. For recipients of Work or Education Grants, Grants Officers offer funding for training and education to support applicants get into work and serve their communities.

## **Mufti Amjad, External Shariah and Quality Auditor**

"I am satisfied NZF's published Zakat policy is sound and in accordance with Islamic Sacred Law. I am satisfied that NZF's Zakat procedures and practices are sound and in accordance with Islamic Sacred Law. I am satisfied that there is a strong commitment in the organisation to continually improve in the quality of its processes."



In addition, for all funds, Grants Officers direct 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 that provide support and funding to people in need. Staff have attended fraud training. A Senior Grants Officer conducts regular internal audits ensuring quality is maintained. A dedicated team member supports applicants with their queries.

NZF's Zakat policies and processes are endorsed and certified as sound by UK Markaz al-Ifta' wa'l-Qada' (UK Center for Fatwa and Judicial Decision). Mufti Amjad is NZF's External Shariah and Quality Auditor.

#### Track:

Live maps on our website show where Zakat has been received from and distributed to across the UK. We send a personalized email notification to Zakat givers when their Zakat has been distributed to those who need it.

#### Zakat Awareness, Education, and Calculation:

We continued to provide Zakat awareness, education and calculation services to UK Zakat givers and the wider public in 2022. This is funded by voluntary income (Sadaqah).

These services:

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

#### The service we provide to givers

Givers can access a historical Nisab calculator that records prices of gold and silver back to the year 2000, allowing people to accurately calculate missed Zakat over the last 21 years.

Givers can save their Zakat calculation progress and return to it at any time.

Our calculator was integrated into the apps of pioneering Muslim Fintech projects Kestrl and Minted.

We ensured that Zakat givers had numerous resources to help them pay the correct amount of Zakat, including workshops, online content, publications, and one-to-one support. NZF offered Zakat Masterclasses. We provided prompt email access to our scholars. We offered personal Zakat consultations with our scholars, to ensure Zakat givers correctly calculated and paid Zakat due this year as well as any Zakat they may have missed over the years.

We have built on giver Zakat education with a new focus on advocacy. NZF has begun to represent the needs, struggles and contributions of the Muslim community to inform policy and public opinion.

#### The impact of our service

In 2022, the Zakat calculator was accessed nearly 40,000 times (2021: 38,000).

NZF's online Knowledge Bank articles received 173,000 hits (2021: 155,000). Over 2,000 attendees (2021: 1000) attended NZF Zakat Masterclasses.

NZF responded to 575 individual calculation queries (2021: 789) and conducted 410 personal Zakat consultations over the phone (2021: 531).

Initial advocacy efforts have already had multiple successes. NZF has taken part in discussions with Government including the Department for Levelling Up, Housing and Communities and the Cabinet Office. This collaboration resulted in working with the Money and Pensions Service to add Zakat obligations to their income and expense checklist. NZF was included as a supporter of The Money Saving Expert's campaign on the cost of living. We have established partnerships with the Joseph Rowntree Foundation and Trussell Trust for their 'Basic Essentials' campaign.

"I love how it easy it is and transparent NZF are in showing impact of Zakat on people's lives. Very few people are doing this!"

**Zakat Giver: Ahmed**

## How we raised and spent funds

### Income:

Our funds are comprised of Zakat from individuals and businesses, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah contributions), institutional grants and Gift Aid.

In 2022, total voluntary income of £7,777,280 was generated (2021: £6,275,347). Total expenditure amounted to £7,540,986 (2021: £5,688,088). Net incoming resources of £236,294 were recorded in 2022 (2021 net incoming resources: £587,259).

The main source of our income was Zakat, amounting to £6,174,866 (2021: £4,686,166). Most Zakat givers made one-off payments rather than regular contributions. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means there is intentionally often a large gap in timing between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat to individuals in need within a lunar year (approximately 11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within a period of five to six months.

Despite the cost-of-living crisis affecting givers, in 2022 we exceeded the Zakat income level achieved in 2021 by over 30%. The increase in 2022 reflects a growing individual donor base, growing by 12% from 10,418 to 11,700 givers.

Partnerships with NZF are increasingly an attractive proposition for international charities due to the efficiency, reach and expertise NZF offers in delivering Zakat to those in need in the UK. Islamic Relief contributed £100,000 in Zakat funds during 2022 for NZF to distribute in the UK in 2022 (2021: nil, 2020: £350,000).

For the first time, Muslim Aid contributed funds for distribution through NZF, contributing £100,000 in 2022. Islamic Relief has committed to providing significant additional Zakat funds for distribution in 2023.

Givers continued to have the option to choose which funds their Zakat supports. Givers also choose whether the cost of their distribution service will be covered by a proportion of their Zakat or whether they will make an additional contribution for this service.

Throughout the year, we continued to raise Sadaqah funds to support the work of the organisation – this made a vital contribution towards enabling NZF to grow and achieve our vision. We received £528,637 (2021: £662,832) of unrestricted Sadaqah funds during the year which, along with £874,928 (2021: £794,990) in Gift Aid, was critical in covering the core costs of the charity and to raise funds. NZF received £74,430 (2021: £73,514) in Riba also used for core costs. The In-Kind Donation of £45,500 represents the value of voluntary time contributed towards the work of NZF and is recognised within this year's financial accounts. (2021: £52,500, acknowledged but not recognised within the accounts.



### Expenditure:

We continue to consult and listen to our givers. We distribute donations to people applying to funds in line with what givers ask for at the time of donating. All Zakat grants were given to eligible individuals in need who applied to a specific Zakat fund. Applicants were able to apply to one or more of the following funds: Hardship Relief, Housing, Work, and Education.

Of the £5,537,975 (2021: £3,830,183) of Zakat/ Zakat ul Fitr grants we distributed in 2022: 67% or £3,716,131 (including 100% of the Zakat ul Fitr grant) were distributed directly to eligible people in need by the Hardship Relief Fund (2021: 68%); 23% or £1,270,424 by the Housing & Work Fund (2021: 20%); and 9% or £515,382 by the Education Fund (2021: 12%). All unspent funds from 2021 were carried over and spent in the early part of 2022. The Housing and Work Fund resulted in a deficit in 2022 in the Statement of Financial Activities as the distribution of 2021 funds were also included in the distribution of £1,270,424.

The total direct charitable expenditure amounted to £1,163,800 (2021: £1,239,832). The majority of this expenditure was for the distribution service, which verifies that Muslims applying for help are genuinely in need and takes great care to deliver Zakat directly to them.. Costs are covered by Zakat and Sadaqah funds. Each Zakat giver gave 10% of the value of their giving to contribute to the costs of their distribution service, choosing for this contribution to come either from Zakat or Sadaqah. The remainder of the charitable expenditure is allocated to Zakat education, and Calculation, funded by Sadaqah.

We incurred support and governance costs of £212,306 in 2022 (2021: £154,843). Support and governance costs accounted for 2.8% (2021: 2.7%) of total spending. With a fully remote workforce and no physical office, we continued to save on rent and related utility costs. Governance costs relate to audit fees, professional fees, license fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no Trustees received any remuneration.

The cost of fundraising amounted to an additional 8.5% (2021: 8.3%) of total spending, covered entirely by Sadaqah and Gift Aid funds.

This is lower than average for charities of this size.

The capital expenditure for implementing a new CRM to improve the experience for Zakat givers, other donors, applicants, and all other users is now planned for 2023.

### Cash Reserves:

Almost all cash deposits are for Grant expenditure. There was a significant reduction in cash deposits at the end of December 2022 compared to 2021. We faced an increased demand from applicants so it is necessary to maintain higher liquidity to facilitate quicker distribution.

Our cash reserves for Zakat grants at the end of December 2022 remained sufficiently high to enable sufficient distribution of Zakat to people in need until Ramadan 2023, when we anticipate many givers will give further Zakat.

Our non-grant reserves exceeded expectations, due to a delayed investment in IT projects.



# Thank you

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**Zakat givers, organisations, and partners have enabled NZF to support many people in hardship including emerging religious leaders and other community champions who are eligible to receive Zakat.**

Recipients 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 givers who have chosen to give through NZF.

On behalf of all recipients 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 by submitting applications on their behalf.

In addition, our work is strengthened by partnerships.

We look forward to building upon existing relationships and forging new ones in 2023 and beyond.

Together, we have helped Muslim recipients get their finances back on track, feel closer to the Muslim community, and strengthen their faith.



# Our supporter community

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

<b>Hardship Relief Fund</b>	<b>Work Fund</b>	<b>Advocacy Partners</b>	<b>Fundraising and other supporters continued</b>
As-Suffa Trust	Barnardo's (Northern Ireland Refugee Employment Support Service)	Money Saving Expert	Ernst & Young Muslim Network
Barking Muslim Association	Breaking Barriers	Trussell Trust	Bank of England Muslim Network
British Red Cross	Chromium Group of Companies Limited	Joseph Rowntree Foundation	KPMG Muslim Network
Bradford Foundation Trust	House of Hope	Pro Bono Economics	Transport for London Muslim Network
Debt Advice Hub	LabMedExpert	Community Policy Forum	Al Falah Mosque, Ilford
Horn of Africa Peoples Aid Northern Ireland (HAPANI)	Muslimic Matters	Foot Ansley LLP	Cambridge Central Mosque
Northern Ireland Somani Association (NISA)	Mercy Mission	Money and Pensions Service	East London Mosque
Post Office	North London Dental Clinic	<b>Fundraising and other supporters</b>	Streatham Mosque
Hestia	Rio Training Academy	Amaliah	New Malden Masjid
Unity Centre, Glasgow	Securtiy Training Solution	Amanah Advisors	
Muslim Women's Network	Association of Muslim Schools	Emerald Network	<b>Funders</b>
<b>Housing Fund</b>	Refugee Council	Islamic Finance Guru	Islamic Relief
C Supplies	<b>Education Fund</b>	Inspire FM	Muslim Aid
Greater Change	Al-Salaam Institute	Islamic Impressions	Euro Quality Foundation
Abigail Housing	Cambridge Muslim College (CMC)	Kestrl	Zouk Foundation
	Common Purpose	Minted	
	Greater Manchester Football Club (GMFC)	Qardus	
	Markfield Institute of Higher Education (MIHE)	Association of Muslim Lawyers	
	New Citizens' Gateway	British Islamic Medical Association	
	Stephen Maynard Islamic Counselling	Muslim Doctors Association	
		CUBE Network	
		Deutsche Bank Muslim Network	
		BDO Muslim Network	
		Deloitte Muslim Network	

# Bringing Zakat to life in 2023 and beyond

**It remains our commitment to uphold Zakat, the third pillar of Islam, for our community. We strive to provide a service to connect UK Zakat givers with UK Zakat recipients, a service both grounded in our faith and that adapts to changes in the environment, a service to create a thriving, closer community.**

Our Chief Executive will lead on the implementation of strategic initiatives. The first initiative is to enable Zakat to be distributed effectively at community level, in order to improve applicant accessibility to Zakat grants and embed Zakat within the community. NZF will explore expanding the piloted model of distribution through existing charities working at the heart of local Muslim communities. This could include mosques, community centres and food banks. By working alongside grassroots organisations who already have recipients in need within their communities, NZF will provide these organisations with a supplementary service to enable them to offer financial help to Muslims quickly and with dignity.

Another initiative is for others to advocate for community-level Zakat, to help more people understand Zakat and its community-centred purpose. 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.

Thirdly, we will develop NZF as a UK thought leader for Zakat and UK Muslim economic welfare. We will extend our advocacy, strengthening connections with mainstream charity and local government partners.

In addition, we will explore how to make a step-change in scaling up the service we offer to applicants. NZF continues to receive ever-higher volumes of applications from people in need. The UK is gripped in a cost-of-living crisis with high inflation, high energy costs and reductions in benefits, which has disproportionately impacted the Muslim community.

In 2023, we will move forward with updating our Customer Relationship Management system (CRM) to improve the experience for givers and recipients. This large-scale transformation project will deliver better technological support for the smooth functioning of all aspects of the organisation. We will take advice from technology experts and benefit from the expertise of a dedicated CRM project manager.





Income in 2023 is uncertain, given the impact of the cost-of-living crisis. NZF is working towards establishing sustainable income sources for both Zakat grants and the cost of support and governance, which are essential to maintain exemplary governance. In addition to renewing funding partnerships with other charities and foundations, including Islamic Relief and Euro Quality Foundation, NZF will actively seek out new partnerships with other charities.

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. Our Zakat policy has been developed by Mufti Faraz Adam. Our approach is certified as legally compliant by Mufti Amjad Mohammed, who is an external Shariah and Quality Auditor on behalf of Markaz al-Ifta' wa'l-Qada'.

We'll continue to improve how we inform you about the impact of your giving. Our live maps continue to show where Zakat has been received from and distributed to across the UK. We'll send out a personal email to let you know when your Zakat has been distributed to those who need it. We'll draw on support from Pro-Bono Economics to measure the overall financial impact of your cash giving.

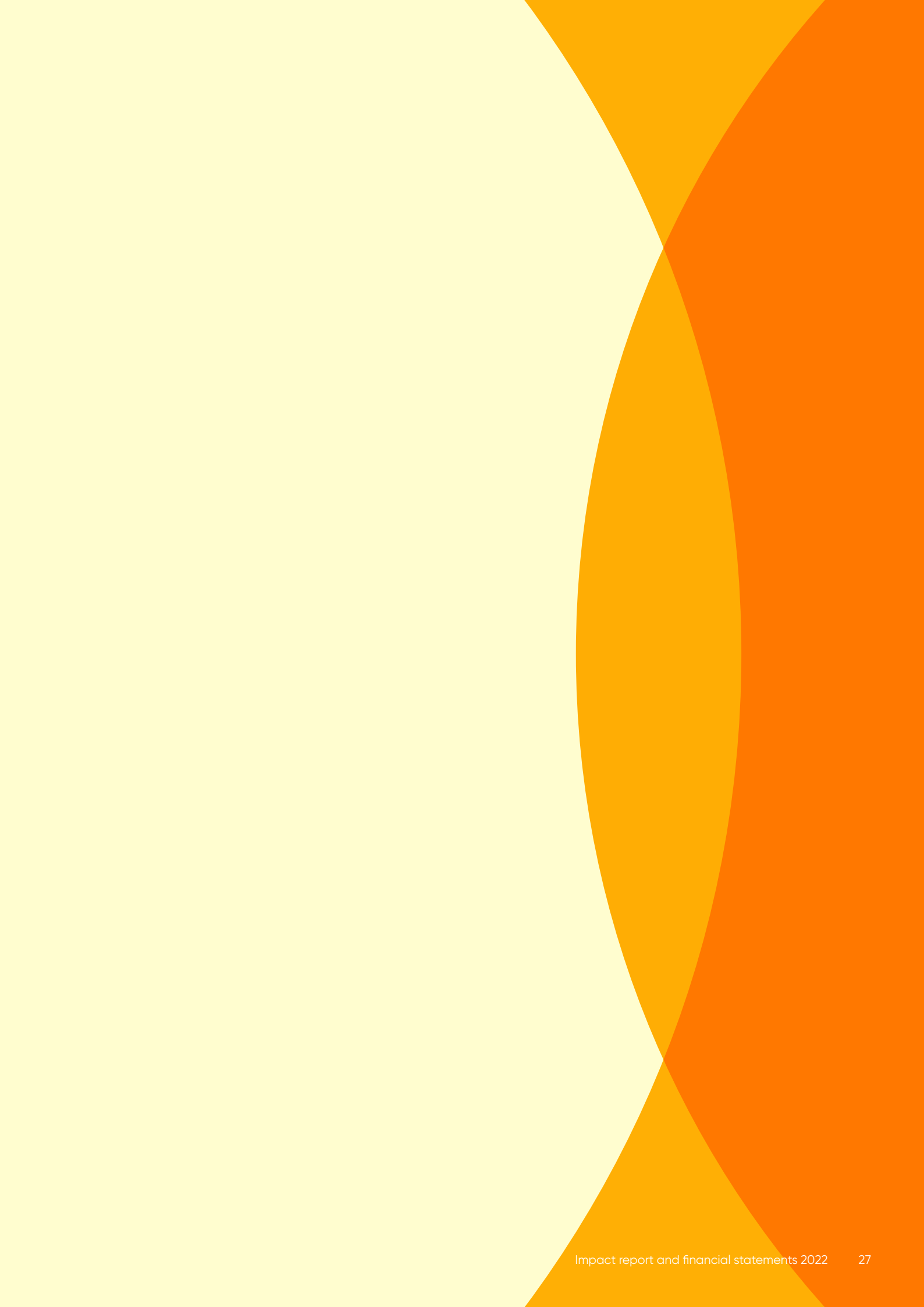
We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

And we'll continue to adhere to our values: being pioneering, faithful, purposeful and meticulous in all that we do.



# 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 employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2022, 95% of participating employees agreed or strongly agreed that “the mission of NZF inspires” them. Employees know they can give feedback or put forward ideas at any time and we have formal and informal mechanisms in place to facilitate this.

##### 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 Safeguarding Policy and Code of Conduct reflecting this and we train the team regularly on safeguarding. We thoroughly reviewed and updated our policy in 2022. We have made public our Safeguarding commitment.

We have zero tolerance for harassment, bullying, or exploitation in any form.

##### Equal opportunities and diversity

We have an Equality and Diversity policy 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 align with their circumstances and aspirations. We support flexible working practices wherever possible.

We strive for continuous improvement. In 2022, we formed a Diversity Working Group with participants from a variety of backgrounds and positions within the organisation. The group helped the Board assess diversity at NZF from the perspective of staff, givers and recipients. The group found the team has a positive balance of gender, social mobility range, and the lived experience of being recipients and givers and of the charity sector. The gender pay gap was analysed and shared with the Board – no concerns were identified.

##### Employees' remuneration

The Board determines the salary for the Chief Executive. The Board approves the principles for salaries of all employees.

The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. There were significant changes in Key Management Personnel in 2022. From September 2022, the role of Director of Operations was removed, and from October 2022 the role of Director of Services was removed. From September 2022, the role of Chief Operating Officer (COO) was introduced, encompassing senior oversight of both Services and Operations. During 2022, the Key Management Personnel of the charity therefore comprised the CEO, COO, Director of Services, Director of Operations, and the Director of Communications.

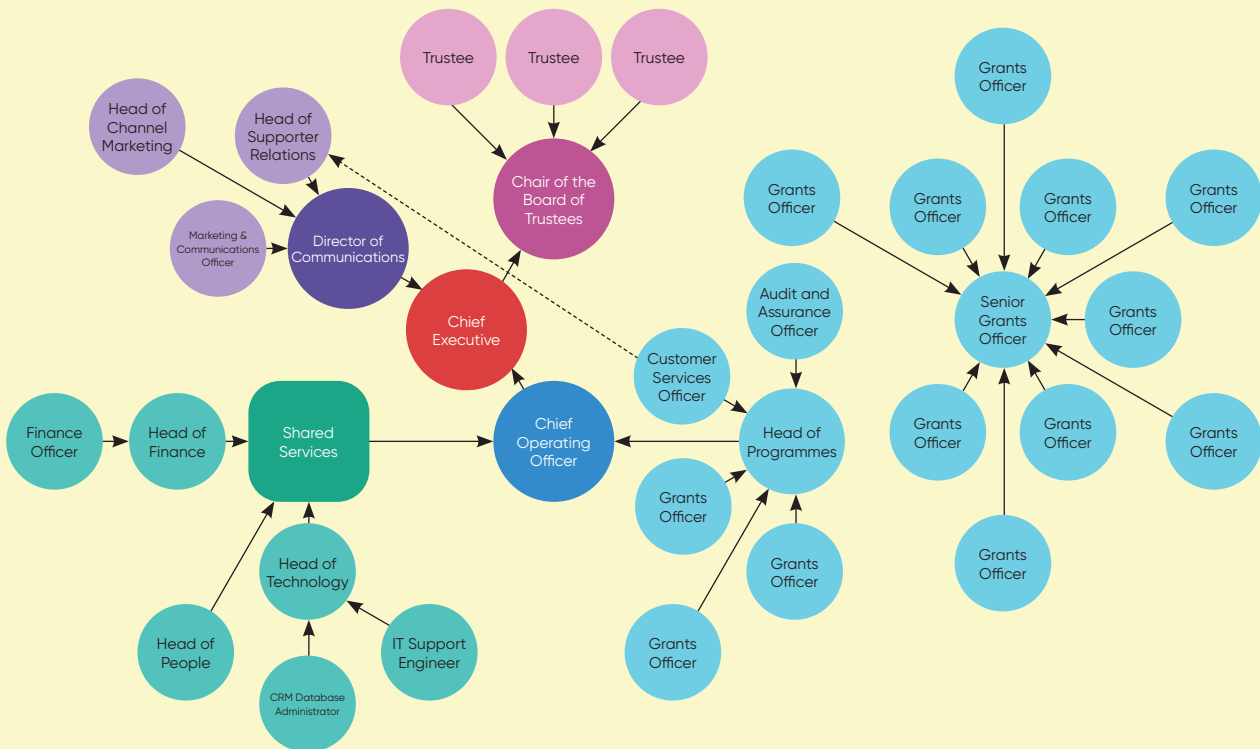
We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. We are currently reviewing the way we set salaries to ensure consistency and fairness. Salaries are reviewed shortly after Ramadan each year. Any salary changes take effect from the following month.



### Technology Volunteer: Abu Leila

*"I am impressed with the selfless and tireless dedication of NZF staff to ensure donations get to the most needy in an efficient, timely, and auditable way. We will continue to push the frontiers of innovation to help Muslims in Britain fulfil their Zakat obligations in a way that pleases Allah (swt)"*

**Our organisational structure**



Employee benefits are considered appropriate to ensure the calibre of team, given the growing demands on and consequent size of NZF. We recognise that NZF is a charity that exists primarily for the benefit of recipients and givers. These benefits include optional salary sacrifice and basic healthcare schemes.

We have a comprehensive people system for managing the team, providing access to unlimited professional HR advice.

**Use of volunteers**

Volunteers are a valued resource in our work. In 2022, we had a total of four volunteers.

Volunteers have been involved in two areas: contributing professional services and raising awareness efforts.

In 2022, four professionals within the technology, governance, and data protection sectors contributed their time and professional services on a pro bono or reduced cost basis.

The total value of services given in kind is approximately £45,500. This is reflected in the financial statements.

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 grateful for the level of support we have received from volunteers in achieving NZF's vision.

## How we manage the money givers trust us with

### Managing risk

The Trustees assess all significant risks faced by the charity and review the systems and procedures in place to manage those risks. The charity has implemented a Serious Incident policy and ensures that employees and Trustees receive training on compliance with the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2022, the Board established a dedicated Risk Management Committee to enhance the focus on risk management. "In 2022, the Risk Management Policy underwent significant updates, and all team members in middle management and above were responsible for developing and maintaining their own risk register.

The most significant risks are:

**Financial:** the possibility of inadequate funds being generated to cover the expenses associated with providing grants to those in need, as well as the organisation's core costs and fundraising expenses.

This would impact NZF's capacity to meet the needs of eligible UK Zakat recipients and to expand its operations.

The risk of insufficiently covering the expenses related to the distribution service, which involves reviewing applications and delivering Zakat to those in need, is mitigated by ensuring that each giver covers the direct cost of delivering their Zakat to recipients, either through their Zakat or an additional Sadaqah donation.

Historically, sufficient funds including Gift Aid have been generated to cover core costs of operations and the cost of raising funds. The risk of inadequate coverage for the organisation's core costs and fundraising expenses is mitigated by the recent appointment of a skilled Head of Fundraising and Community Engagement.

The organisation's strategy and its key components, such as budgetary review, cash resources, and cashflow forecasting, undergo regular review by the management, Finance and Audit Committee, and the Board. This process is supported by operational updates and key performance indicators.

**Independent  
Risk Analyst:  
Ruhall**

*"I trust them completely."*

**People:** the risk of insufficient leadership expertise.

Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development. We have implemented staff training programmes. We have added new senior roles. We have addressed experience gaps by engaging external advisors. We have conducted a compensation review to align it with industry standards for skilled employees.

**Technology:** the risk of key IT system or infrastructure failure. This could lead to data loss, operational disruption, or regulatory non-compliance.

We mitigate this risk by implementing operational systems, controls, and continuous improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include implementing approved comprehensive IT policies and procedures to protect data and prevent breaches. Other mitigating actions include continuous enhancements to NZF's technological capabilities, such as the CRM system upgrade, supported by external advisors and a dedicated CRM project manager. This area is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF has cyber insurance to mitigate the impact of the risk.

**Reputation and GDPR:** the risk of incidents that harm the organisation's reputation or disrupt operations.

This includes recipients of Zakat grants, suppliers and GDPR breaches.

We thoroughly evaluate recipients of Zakat grants to verify eligibility and assess potential impact, considering the size of the grant. We conduct careful assessments of suppliers to ensure their viability, low-risk profile, and ability to deliver quality work. We involve the Board where financial amounts are significant. We have implemented GDPR-compliant systems that surpass the minimum requirements and conduct annual GDPR assessments. We have an external GDPR Advisor.

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

We mitigate this risk by implementing a safeguarding policy and providing training to both employees and trustees, reinforcing a culture of safety and best practices. We thoroughly reviewed and updated our policy in 2022. We will maintain safe environments, promote reporting of any concerns, and take prompt and consistent action.

## Our approach to operations

**We have made continuous improvement in the use of our Customer Relationship Management (CRM) system for applicants' and payers' records.**

**We have further integrated the use of our Accounting System, Accounts IQ.**

### Our public fundraising approach

Almost all our funds come from the public, and our goal is to ensure we raise funds in a respectful and compelling manner that aligns 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 are committed to diligently complying with the Code of Fundraising Practice.

The Director of Communications oversees the majority of income-generation activities, with guidance and monitoring from the CEO, and overall supervision from the Board members. The charity's employees and consultants carry out fundraising activities for the charity. In 2022, we did not use professional fundraisers.

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 with their consent. Those who make these calls are obligated to do so respectfully and in compliance with our standards and sector regulations.

We are confident that our processes and controls safeguard vulnerable individuals and the public from unreasonable intrusions on privacy. Our fundraising activities are conducted in a manner that avoids undue persistence or pressure on individuals to contribute financially or otherwise.

We actively encourage supporters to contact us with any feedback. We have not received any complaints related to fundraising activities during this financial period. We have established procedures to address any complaints received, and these procedures are publicly accessible on our website.

Charity Clarity reviewed NZF for how it is run and awarded a rating of 3.65/5. Charity Clarity provides robust independent rating and assessment of charities. Average rating of charities on their website is 2.92. Average rating of Muslim charities selected by Charity Clarity as comparable to NZF is 3.24.

<https://www.charityclarity.org.uk/charities/national-zakat-foundation/>.

### 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 hold an annual GDPR review.

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. In 2020, the Board refreshed the Articles of Association to ensure the charitable objectives and Trustee powers were up-to-date.**

The Board is currently comprises of four members. The Trustees, who served during the period and until the date of this report, are listed on page 38.

The Board meets a minimum four times a year.

In addition, the Board has a Finance and Audit Committee (FAC) which meets regularly, usually shortly before each Board meeting. The FAC promotes and safeguards the highest standards of integrity, financial reporting, and internal control. It also oversees the organization's risk management processes and any capital spending projects. FAC membership includes an independent co-opted member with relevant experience, who is not a Board member.

In 2022, the Board introduced a separate Risk Management Committee, overseeing the further development of risk management. The Board also introduced a Technology Committee, overseeing the development of NZF's Technology, including the implementation of the CRM. Both of these Committees meet a minimum of twice a year.

Trustees are rotated on a medium- to long-term basis to bring in fresh ideas and prevent complacency in the role.

The Chief Executive and employees make operational decisions and run the charity. The Chief Executive or Team Leader (as appropriate) sets and agrees objectives with employees to ensure that the strategic objectives of the charity are being met. The Chief Executive or Team Leader (as appropriate) also ensures employees who have direct contact with recipients 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.



*"NZF's commitment to streamline processes and facilitate giving is stronger than ever connecting even more zakat givers with those who desperately need it in our local communities."*

**Anisa Hanif, Trustee and Associate  
General Counsel (Alliances & Acquisitions)  
at McKinsey & Company**

## How we are governed continued

### 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. The Board has established a clear pathway for appointing new Trustees, providing an opportunity to assess their skills and suitability before inviting them to serve as Trustees. Potential Trustees will initially serve as advisors to a working group, and they may become members after attending two working group meetings. The pathway allows progression to then serve as an Advisor to the Board and, finally, to serve as a Board member after attending 2-3 Board meetings. Progression at each stage is determined by the Chair of Trustees in consultation with the Board.

Trustees access internal and external training as required. The number of Trustees is within the range recommended by the Governance Code.

We are working to ensure that the profile of Trustees is representative of the people we aim to help, including givers and recipients, and that Trustees demonstrate empathy. We have an Advisor with lived experience of poverty.

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

### 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 recipients on our website and in external messaging.

We provide comprehensive details of our Trustees and their biographies on our website.

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

*"Zakat plays a pivotal role in responding to the call of the poor and needy in the UK. Being such an important pillar that has real potential to tackle poverty, NZF's presence has given it the credibility it deserves by addressing many of the socio-economic issues our society is crying out for today."*

**Councillor Saima Ashraf, Advisor to Board and Deputy Leader of the London Borough of Barking & Dagenham**



### 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 Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector.

We have a monthly and an annual Shariah audit undertaken by Mufti Amjad Mohammed an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada'.

Both the Board and the Finance and Audit Committee receive and act upon feedback regularly to improve governance. NZF engaged an independent reviewer to review the seven areas of the Governance Code. All Trustees and key management personnel provided feedback. The independent reviewer reported the review findings to the Board in 2022. An important aim of the review was to seek areas for improvement. The review found NZF performed well, with participants agreeing with most of the statements. The areas most aligned with recommendations of the Governance Code are Integrity and Leadership. Recommendations were given for developing Equality, Diversity and Inclusion throughout NZF.

Following this, the Board has included Equality, Diversity, and Inclusion as a regular Board agenda item. It has established a Diversity Working group. It will identify further areas for improvement over time. This is part of the Trustees' continuous efforts to improve the effectiveness of the organisation.

We have a Serious Incidents policy. There were no serious incidents in 2022.

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

We meticulously account for all our income from all sources, including Gift Aid.

### **Diversity**

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation. We have formed a Diversity Working Group with the aim to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified. The Working group comprises members from a variety of diverse backgrounds and roles in the organisation.

Trustees and employees are from a range of backgrounds. We currently have three male Trustees and one female Trustee. There are two members of the Senior Leadership Team who support the Chief Executive, who are both female. All Trustees have an ethnic minority background. The charity is BAME-led.

### **Environmental impact**

We are also constantly striving to reduce the charity's impact on the environment.

Giving is almost all online - through the website, Paypal, and online bank transfers.

Most charitable activity continues to be online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Most educational events (webinars etc.) are held online. We have started a small-scale pilot engagement with community partners so applicants have the opportunity to apply face-to-face.

All donor and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Most meetings are held online. All staff are based remotely. Our IT systems continue to work well to enable employees to work effectively. The team meets face-to-face at least once a month to ensure team bonds remain strong.

## How we are governed continued

### 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.

NZF Worldwide is committed to:

- Represent the National Zakat Foundation brand at international forums on 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 efficiency, effectiveness and asset creation

In 2022, NZF Worldwide strengthened the agenda of integrating Zakat into the meta discourse of community and societal development across the globe.

It democratized its development by giving every country's chairperson a role on the non-executive advisory board of NZF Worldwide to improve alignment and coordination among the countries.

NZF Worldwide also held an annual summit involving all country NZFs. Learnings on how Zakat can be better managed and have greater impact were shared with external stakeholders.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent Zakat management experience, Mufti Amjad Muhammed. NZF UK thanks Mufti Faraz Adam, NZF Worldwide's outgoing Islamic legal expert, for his significant contribution, strengthening NZF's understanding and practice of Zakat and ensuring accurate communication to givers.

In addition, NZF Worldwide hosted the largest Zakat stakeholder event in the world, in association with the office of the President of Indonesia and the United Nations. The forum, for the first time in Europe, brought together representatives from nearly twenty sovereign nations to consider the role of Zakat and its opportunities.



### Independent Charity Governance Expert, Nasir Ahmed:

*"During this review I found the team to be very professional and dedicated to ensuring Zakat is distributed as per the Islamic guidance on the subject. Furthermore, despite already high standards on controls and governance the team is always looking for ways to develop and improve the organisation"*

## How we manage our finances

### Reserves policy

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

The Trustees have reviewed the reserves of the charity with independent expert input.

The charity's total funds at the year-end amounted to £3,714,095 of which £1,725,056 were unrestricted general funds and £1,989,039 of the reserves were restricted funds i.e. not available for general purposes.

The restricted funds were for distribution to Zakat-eligible individuals. The Zakat distribution reserves at year-end were similar to the previous year. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means we need to retain sufficient Zakat distribution reserves at year-end to provide grants to individuals in the first part of the following year, before we receive that year's Ramadan income.

Each year, substantial Sadaqah and Riba funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The Trustees consider that unrestricted general reserves are at a level that cover and exceed 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 short-term investments as non-interest bearing cash deposits and property investments through a third-party investment management company. The objective of our investment policy is to earn such Shariah-compliant profit as is available on secure deposits or returns on other investment types while limiting risk as far as is possible. To limit risk, for short-term deposits, cash is held only at those banks with a high credit rating and for property investments, investments are low risk, short term and subject to credit risk assessment.

Investment income in 2022 was £10,253 (2021: £2,288).

### Going concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees reasonably expect that the charity has adequate resources to continue operating 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

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### **TRUSTEES**

Sultan Choudhury OBE (Chair)

Anisa Hanif

Azim Kidwai

Muhammed Yesilhark

### **CHIEF EXECUTIVE**

Sohail Hanif

### **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**

124 City Road

London

EC1V 2NX

## Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, and the Statement of Recommended Practice. This practice applies to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective from 1 January 2016.

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

In so far as the Trustees are aware:

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

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

On behalf of the Board

**Sultan Choudhury OBE**  
Chair of Trustees

26 June 2023





# Section 3

Financial statements

# Independent auditor's report to the members of National Zakat Foundation (NZF)

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We have audited the financial statements of National Zakat Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Trustees' annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- The information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' annual report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the 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 Trustees' annual 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 returns adequate for our audit have not been received from branches not visited by us; 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

### Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

# Independent auditor's report to the members of National Zakat Foundation (NZF) continued

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- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Jonathan Orchard**  
(Senior statutory auditor)

Date; 5 July 2023

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

# Statement of financial activities

## for the year ended 31 December 2022

	Note	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Unrestricted funds £	Restricted funds £	Total funds 2021 £
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from generated funds:</b>							
Donations and Legacies							
Hardship Relief	2		4,057,328	<b>4,057,328</b>		3,017,547	<b>3,017,547</b>
Housing and Work	2		1,078,170	<b>1,078,170</b>		881,225	<b>881,225</b>
Education	2		543,225	<b>543,225</b>		423,869	<b>423,869</b>
Other	2	2,088,304		<b>2,088,304</b>	1,952,706		<b>1,952,706</b>
Charitable activities				-			-
Investment income	3	10,253	-	<b>10,253</b>	2,288	-	<b>2,288</b>
<b>TOTAL INCOMING RESOURCES</b>		<b>2,098,557</b>	<b>5,678,723</b>	<b>7,777,280</b>	<b>1,954,994</b>	<b>4,322,641</b>	<b>6,277,635</b>
<b>RESOURCES EXPENDED</b>							
<b>Raising funds</b>	4	641,767	-	<b>641,767</b>	474,069	-	<b>474,069</b>
<b>Charitable activities</b>							
Hardship Relief	4	739,287	3,752,169	<b>4,491,456</b>	711,504	2,606,428	<b>3,317,932</b>
Housing and Work	4	253,566	1,270,424	<b>1,523,990</b>	210,880	772,466	<b>983,346</b>
Education	4	113,535	515,382	<b>628,917</b>	137,619	451,289	<b>588,908</b>
Leadership Investment	4		-	-		-	-
Zakat Education and Calculation	4	254,855	-	<b>254,855</b>	323,833	-	<b>323,833</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>2,030,010</b>	<b>5,537,975</b>	<b>7,540,985</b>	<b>1,857,905</b>	<b>3,830,183</b>	<b>5,688,088</b>
<b>Net income/(expenditure)</b>		95,547	140,748	<b>236,295</b>	97,089	492,458	<b>589,547</b>
Transfer between funds	16	-	-	-	-	-	-
<b>Other recognised</b>							
Net gains (losses) on disposal of tangible fixed assets	10	-		-	-		-
<b>Net movement in funds</b>		95,547	140,748	<b>236,295</b>	97,089	492,458	<b>589,547</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward	16	1,629,509	1,848,291	<b>3,477,800</b>	1,532,420	1,355,833	<b>2,888,253</b>
<b>Total funds carried forward</b>		<b>1,725,056</b>	<b>1,989,039</b>	<b>3,714,095</b>	<b>1,629,509</b>	<b>1,848,291</b>	<b>3,477,800</b>

# Balance sheet

## as at 31 December 2022

	Note	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	10	6,695	5,873
Intangible assets	11	30,912	66,540
		<b>37,607</b>	<b>72,413</b>
<b>CURRENT ASSETS</b>			
Investments	12	252,407	-
Debtors	13	120,833	144,415
Deposit accounts		10,104	892,257
Cash at bank and in hand		3,398,719	2,683,126
		<b>3,782,063</b>	<b>3,719,798</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	14	(105,575)	(314,411)
<b>TOTAL NET CURRENT ASSETS OR LIABILITIES</b>		<b>3,676,488</b>	<b>3,405,387</b>
<b>TOTAL NET ASSETS OR LIABILITIES</b>		<b>3,714,095</b>	<b>3,477,800</b>
<b>THE FUNDS OF THE CHARITY</b>			
<b>Unrestricted funds</b>			
General funds	13	1,725,056	1,629,509
<b>Restricted funds</b>			
Restricted Zakat funds, restricted Sadaqah and grants	13	1,989,039	1,848,291
<b>TOTAL FUNDS</b>		<b>3,714,095</b>	<b>3,477,800</b>

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

Approved by the Board on 26 June 2023 and signed on its behalf by:

**Sultan Choudhury OBE**

Chair of Trustees

# Statement of cash flows

## for the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>301,135</b>	<b>677,120</b>
<b>Cash flows from investing activities:</b>		
Dividends, profit and rents from investments	7,846	2,288
Proceeds from the sale of property, plant and equipment		
Purchase of property, plant and equipment	(25,541)	(5,867)
Purchase of investments	(100,000)	
Cash held for investment purposes	(150,000)	
Proceeds from sale of investments		-
Deposit account greater than 3 months	882,153	(885,721)
<b>Net cash provided by (used in) investing activities</b>	<b>614,458</b>	<b>(889,300)</b>
<b>Cash flows from financing activities:</b>		
Repayments of borrowing	(200,000)	-
Cash inflows from new borrowing		200,000
Receipt of endowment		-
<b>Net cash provided by (used in) financing activities</b>	<b>(200,000)</b>	<b>200,000</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>715,593</b>	<b>(12,180)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>2,683,126</b>	<b>2,695,306</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,398,719</b>	<b>2,683,126</b>
<b>A. Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>236,295</b>	<b>589,547</b>
<b>Adjustments for:</b>		
Depreciation charges	60,347	62,483
Dividends, interest and rents from investments	(10,253)	(2,288)
(Increase)/decrease in debtors	23,582	(55,901)
Increase/(decrease) in creditors	(8,836)	83,279
<b>Net cash provided by (used in) operating activities</b>		<b>677,120</b>
<b>B. Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	3,398,719	2,683,126
<b>Total cash and cash equivalents</b>	<b>3,398,719</b>	<b>2,683,126</b>

# Notes to the financial statements

## for the year ended 31 December 2022

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### 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 124 City Road, London, EC1V 2NX.

#### 1.2 Basis of preparation

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

##### Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The Trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 39.

#### 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.

#### 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.

The value of services provided by these volunteers has been included in the financial statements.



### 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.

Due to the difficulty in valuing the contribution, the value of services provided by these 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 incurred and is reported as part of the expenditure to which it relates.

Charitable activity comprises those costs incurred by the charity in the delivery of its activities and services for its grant recipients and other 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. 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.

## 1.9. Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

# Notes to the financial statements

## continued

### 1.10 Investments

Investments are a form of basic financial instrument with expected maturity of less than one year. Investments are initially recognised at the transaction value. Subsequent re-measurement is at amortised cost, at the undiscounted amount of cash or other consideration expected to be received.

### 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 four months; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the 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 FRS102.

### 1.13 Operating leases

The charity classifies the lease of office equipment and office space 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 2022 £	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Zakat	564,809	5,610,057	<b>6,174,866</b>	416,370	4,269,796	4,686,166
Zakat-ul-Fitr	–	36,039	<b>36,039</b>	–	25,639	25,639
Fidyah and Kaffarah	–	32,627	<b>32,627</b>	–	27,206	27,206
Sadaqah	528,637	–	<b>528,637</b>	662,832	–	662,832
Riba	74,430	–	<b>74,430</b>	73,514	–	73,514
In-Kind Donations	45,500	–	<b>45,500</b>	–	–	–
Gift Aid	874,928	–	<b>874,928</b>	794,990	–	794,990
Legacy Income	–	–	–	5,000	–	5,000
	<b>2,088,304</b>	<b>5,678,723</b>	<b>7,767,027</b>	<b>1,952,706</b>	<b>4,322,641</b>	<b>6,275,347</b>

#### Zakat:

Zakat: We use all Zakat for charitable activity (2021:100%). This charitable activity is the grants. In addition, it includes the service of checking applications and delivering the grants, for givers who choose for a portion of their Zakat to be used in this way. We do not use Zakat to raise funds or for core costs, such as support and governance costs.

In 2022, Islamic Relief contributed £100,000 Zakat to National Zakat Foundation and Muslim Aid granted National Zakat Foundation £100,000 of which £90,000 was Zakat.

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

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

In-Kind donations relates to voluntary contribution towards the work of National Zakat Foundation.

### 3. INVESTMENT INCOME

	Total funds 2022 £	Total funds 2021 £
Income on deposits	7,846	2,288
Return on Investments	2,407	
	<b>10,253</b>	2,288

### 4. ANALYSIS OF EXPENDITURE

#### Expenditure by activity

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Zakat-ul-Fitr grants	3,752,169	1,270,424	515,382	-	<b>5,537,975</b>	-	<b>5,537,975</b>	3,830,183
Direct employees costs	435,050	144,971	59,953	55,252	<b>695,226</b>	134,322	<b>829,548</b>	690,674
Direct costs	184,851	68,170	37,182	178,371	<b>468,574</b>	492,582	<b>961,156</b>	1,012,388
Support and governance costs	119,386	40,425	16,400	21,232	<b>197,443</b>	14,863	<b>212,306</b>	154,843
<b>Total</b>	<b>4,491,456</b>	<b>1,523,990</b>	<b>628,917</b>	<b>254,855</b>	<b>6,899,218</b>	<b>641,767</b>	<b>7,540,985</b>	<b>5,688,088</b>

#### Prior Year

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Zakat-ul-Fitr grants	2,606,428	772,466	451,289	-	3,830,183	-	<b>3,830,183</b>	3,800,103
Direct employees costs	388,009	101,576	58,781	60,129	608,495	82,179	<b>690,674</b>	472,798
Direct costs	236,037	83,385	63,695	248,220	631,337	381,051	<b>1,012,388</b>	743,042
Support and governance costs	87,458	25,919	15,143	15,484	144,004	10,839	<b>154,843</b>	203,399
<b>Total</b>	<b>3,317,932</b>	<b>983,346</b>	<b>588,908</b>	<b>323,833</b>	<b>5,214,019</b>	<b>474,069</b>	<b>5,688,088</b>	<b>5,219,342</b>

# Notes to the financial statements

## continued

### Expenditure by income type

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Zakat-ul-Fitr grants	3,716,130	1,270,424		-	<b>3,804,544</b>	-	<b>3,804,544</b>	3,766,456
Direct employees costs	515,382	-	5,501,936	-		-	<b>25,639</b>	33,646
Direct costs	5,501,936		44,532	-	<b>372,737</b>	-	<b>372,737</b>	380,260
Support and governance costs	3,804,544	134,655	93,087	323,833	<b>1,011,099</b>	474,069	<b>1,485,168</b>	1,038,980
	36,039	-	-	-	<b>36,039</b>	-	<b>36,039</b>	25,639
	<b>375,281</b>	<b>129,432</b>	<b>52,508</b>	-	<b>557,221</b>	-	<b>557,221</b>	<b>372,737</b>
	<b>364,006</b>	<b>124,134</b>	<b>61,027</b>	<b>254,855</b>	<b>804,022</b>	<b>641,767</b>	<b>1,445,789</b>	<b>1,485,168</b>
<b>Total</b>	<b>4,491,456</b>	<b>1,523,990</b>	<b>628,917</b>	<b>254,855</b>	<b>6,899,218</b>	<b>641,767</b>	<b>7,540,985</b>	<b>5,688,088</b>

### Prior Year

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Fidyah/ Kaffarah	2,580,789	772,466	451,289	-	3,804,544	-	<b>3,804,544</b>	3,766,456
Zakat-ul-Fitr	25,639	-	-	-	25,639	-	<b>25,639</b>	33,646
Zakat – for direct costs	251,980	76,225	44,532	-	372,737	-	<b>372,737</b>	380,260
Sadaqah, Riba, Gift Aid and other income	459,524	134,655	93,087	323,833	1,011,099	474,069	<b>1,485,168</b>	1,038,980
<b>Total</b>	<b>3,317,932</b>	<b>983,346</b>	<b>588,908</b>	<b>323,833</b>	<b>5,214,019</b>	<b>474,069</b>	<b>5,688,088</b>	<b>5,219,342</b>

**5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS**

	2022 £	2021 £
<b>Support costs</b>		
Office administration	<b>62,290</b>	57,107
Office Services excl depreciation	27,701	19,635
Depreciation	6,622	4,844
Office services:	<b>34,323</b>	24,479
Governance (incl external audit)	<b>115,693</b>	73,257
<b>Total</b>	<b>212,306</b>	154,843
<b>Governance costs:</b>		
Audit fees	<b>11,750</b>	10,320
Auditor fees for non-audit services	-	-
Other professional fees	<b>9,589</b>	9,631
Licence fee and compliance costs	<b>28,233</b>	29,610
Staff costs	<b>66,121</b>	23,696
<b>Total Governance costs</b>	<b>115,693</b>	<b>73,257</b>

During 2022, Other professional fees consisted of legal fees and external accountancy services. Staff costs include the In Kind Donations.

**6. ZAKAT GRANTS PAID TO ORGANISATIONS**

The charity did not pay any Zakat grants to organisations in 2022. (2021:nil)

**7. NET INCOMING RESOURCES**

	2022 £	2021 £
<b>Net incoming resources for the period is stated after charging:</b>		
Gains on disposal of fixed assets	-	-
Losses on disposal of fixed assets	-	-
Depreciation and other amounts written off fixed assets	<b>60,347</b>	62,483
Total depreciation and other amounts written off fixed assets	<b>60,347</b>	62,483
Operating lease charges	-	-
<b>Auditor's remuneration (Including VAT):</b>		
Audit fees	<b>11,750</b>	10,320
Non-audit fees	-	-

# Notes to the financial statements

## continued

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

	2022 £	2021 £
<b>Employment costs:</b>		
Wages and salaries	<b>854,134</b>	690,133
Social security costs (employers NI)	<b>77,699</b>	63,280
Employer pension contribution	<b>22,527</b>	15,316
<b>Total</b>	<b>954,360</b>	<b>768,729</b>

No employee (2021: no employee) had employee benefits in excess of £60,000.

Employees costs exclude amounts paid to external consultants in 2022 of £48,769 (2021 £4,167). For 7 months, the Director of Communications (Interim) role was provided by a consultant rather than an employee. Two consultants provided services within the Communications team: one as a Copywriter and one for 5 months as PR and Advocacy Lead.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2020: £nil). In 2022, one Trustee was reimbursed £279 for travel expenses (2021: £nil). No charity Trustee received payment for professional services or other services supplied to the charity (2021: £nil).

There were significant changes in roles comprising Key Management Personnel in 2022. From September 2022, the role of Director of Operations was removed, and from October 2022 the role of Director of Services was removed. From September 2022, the role of Chief Operating Officer was introduced: this encompassed senior oversight of both Services and Operations. During 2022, the Key Management Personnel of the charity therefore comprised the CEO, COO, Director of Services, Director of Operations and the Director of Communications.

Employee benefits of Key Management Personnel totalled £200,360 (2020: £190,224) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Additional staff were recruited to distribute the additional Zakat. A one-off cost of living payment was made to staff. In addition to the employees' costs mentioned above, £45,500 of Gift In-Kind has been recognised in the accounts in relation to voluntary contribution towards the work of National Zakat Foundation.

#### 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:

#### Employee numbers

	2022 FTE	2021 FTE
All team	<b>23.1</b>	<b>20.5</b>

#### Average employee numbers by team

	2022 No.	2021 No.	2022 FTE	2021 FTE
Services	18	16	15.4	13.5
Marketing	4	3	3.0	3.5
Operations	4	4	4.7	3.5
<b>Total</b>	<b>26</b>	<b>23</b>	<b>23.1</b>	<b>20.5</b>

## 9. TAXATION

The 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. TANGIBLE FIXED ASSETS

	Buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2022	-	16,471	16,471
Additions in year	-	4,616	4,616
Disposals in year	-	(1,724)	(1,724)
<b>At 31 December 2022</b>	<b>-</b>	<b>19,363</b>	<b>19,363</b>
<b>Depreciation</b>			
At 1 January 2022	-	10,598	10,598
Charge for the year	-	3,794	3,794
Eliminated on disposal	-	(1,724)	(1,724)
<b>At 31 December 2022</b>	<b>-</b>	<b>12,668</b>	<b>12,668</b>
<b>Net book value</b>			
<b>at 31 December 2022</b>	<b>-</b>	<b>6,695</b>	<b>6,695</b>
At 31 December 2021	-	5,873	5,873

The disposals relate to computer hardware.

# Notes to the financial statements

## continued

### 11. INTANGIBLE ASSETS

#### Cost

At 1 January 2022	182,019	182,019
Additions in year	20,925	20,925
Disposals in year	-	-
<b>At 31 December 2022</b>	<b>202,944</b>	<b>202,944</b>

#### Amortisation

At 1 January 2022	115,479	115,479
Charge for the year	56,553	56,553
Eliminated on disposal	-	-
<b>At 31 December 2022</b>	<b>172,032</b>	<b>172,032</b>

#### Net book value

<b>at 31 December 2022</b>	<b>30,912</b>	<b>30,912</b>
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At 31 December 2021	66,540	66,540
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### 12. INVESTMENTS

	2022 £	2021 £
<b>Analysis of movement</b>		
Investments at 01 January	-	-
Purchase of Investment at cost	100,000	-
Returns on Investments	2,407	-
Disposal Proceeds	-	-
Cash held for Investment Purposes	150,000	-
<b>Investments at 31 December</b>	<b>252,407</b>	<b>-</b>

The investment was made in a property through a third-party investment management company.

### 13. DEBTORS

	2022 £	2021 £
Accrued income	14,678	10,267
Prepayments	49,302	64,729
Other debtors	56,853	69,419
	<b>120,833</b>	<b>144,415</b>



**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	79,951	49,056
Accruals and deferred income	15,004	56,981
Other creditors	10,620	208,374
	<b>105,575</b>	<b>314,411</b>

In 2021 Other creditors included a £200,000 interest-free COVID-19 loan from the Resilience and Recovery Fund was provided by British Business Bank in 2021. It was paid off in February 2022.

Some Zakat grants are approved in principle for periods which extend past the year end date. Subsequent period Zakat 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 2022, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2021: £nil).

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	37,607	-	37,607	72,413
Net current assets	1,687,449	1,989,039	3,676,488	3,405,388
<b>Total</b>	<b>1,725,056</b>	<b>1,989,039</b>	<b>3,714,095</b>	<b>3,477,800</b>

**Prior Year**

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	72,412	-	72,412	129,029
Net current assets	1,557,097	1,848,291	3,405,388	2,759,224
<b>Total</b>	<b>1,629,509</b>	<b>1,848,291</b>	<b>3,477,800</b>	<b>2,888,253</b>

# Notes to the financial statements

## continued

### 16. ANALYSIS OF FUNDS

	1 January 2022 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2022 £
Unrestricted designated	-			-	-
General funds	<b>1,629,509</b>	<b>2,098,557</b>	<b>(2,003,010)</b>	-	<b>1,725,056</b>
<b>Total unrestricted funds</b>	1,629,509	2,098,557	(2,003,010)	-	1,725,056
Zakat funds	1,848,291	5,610,057	(5,469,309)		1,989,039
Zakat-ul-Fitr	-	36,039	(36,039)		-
Fidyah and Kaffarah	-	<b>32,627</b>	<b>(32,627)</b>		-
<b>Total restricted funds</b>	<b>1,848,291</b>	<b>5,678,723</b>	<b>(5,537,975)</b>	-	<b>1,989,039</b>
<b>Total funds</b>	<b>3,477,800</b>	<b>7,777,280</b>	<b>(7,540,985)</b>	-	<b>3,714,095</b>

#### Prior Year

	1 January 2021 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2021 £
Unrestricted designated	-			-	-
General funds	1,532,420	1,954,994	(1,857,905)	-	1,629,509
<b>Total unrestricted funds</b>	<b>1,532,420</b>	<b>1,954,994</b>	<b>(1,857,905)</b>	-	<b>1,629,509</b>
Zakat funds	1,355,833	4,269,796	(3,777,338)	-	1,848,291
Zakat-ul-Fitr	-	25,639	(25,639)	-	-
Fidyah and Kaffarah	-	27,206	(27,206)	-	-
<b>Total restricted funds</b>	<b>1,355,833</b>	<b>4,322,641</b>	<b>(3,830,183)</b>	-	<b>1,848,291</b>
<b>Total funds</b>	<b>2,888,253</b>	<b>6,277,635</b>	<b>(5,688,088)</b>	-	<b>3,477,800</b>

## 17. OPERATING LEASE COMMITMENTS

The charity did not have any operating lease commitments in 2022 (2021: nil).

## 18. RELATED PARTIES

Azim Kidwai is a Trustee of NZF and a Director of NZF Worldwide.

In 2022, NZF paid £24,000 (2021: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement. In addition, NZF paid £24,000 (2021: £24,000) to NZF Worldwide as part of a Service Level Agreement.

In return, in 2022, NZF Worldwide strengthened the agenda of integrating Zakat into the meta discourse of community and societal development across the globe.

It democratised its development, giving every country's chairperson a role on the non-executive advisory Board of NZF Worldwide, to improve alignment and coordination between the countries.

NZF Worldwide also held an annual summit involving all country NZFs. Learnings on how Zakat can be better managed and have greater impact were shared with external stakeholders.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent Zakat management experience. Mufti Amjad Muhammed. In addition, NZF Worldwide hosted the largest Zakat stakeholder event in the world, in association with the office of the President of Indonesia and the United Nations. The forum, for the first time in Europe, brought together representatives from nearly twenty sovereign nations to consider the role of Zakat and its opportunities.

Muhammed Yesilhark is a Trustee of NZF and has an interest in Shamaazi Ltd. Of £100,000 paid by NZF to Shamaazi Ltd in 2021 for featuring NZF within the 'My Ten Nights' giving app, £9,415 of outstanding services was carried out in 2022 and £45,585 is carried forward to 2023.

Azim Kidwai is CEO of Mercy Mission. In 2022, NZF received £137,366 from Mercy Mission as part of their custodian service for Shamaazi Ltd.

In 2022, total Trustee donations amounted to £2,489,999 (2021: £3,803,85).

## 19. POST BALANCE SHEET EVENT

Remaining outstanding services from Shamaazi Ltd in relation to the featuring on the 'My Ten Nights' Giving App were completed in February 2023. Income of £491,881.85 was received in February 2023 from Mercy Mission as part of their custodian service for Shamaazi Ltd.

Helping you bring Zakat to life where you live

**Working towards a thriving, closer Muslim community**



**National Zakat**  
Foundation

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