



Impact Report

and financial statements
for the year ended
31 December 2023



**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

Introduction from the Chief Executive and Chair

Assalamu alaikum. Peace be upon you.

It is with great honour that we present this annual report of National Zakat Foundation as we mark the start of our 13th year of operation. By the grace of God, 2023 marked a milestone year in which we collected the highest amount of Zakat and assisted more individuals than at any other time in our history.

The cost-of-living crisis has become embedded in many communities across the country. Rent increases caused a surge in applications to our Housing Fund while people cite ill-health as a cause for hardship. The economic situation of the UK's Muslim population mirrors that of the rest of the nation's poorest - it's getting worse.

Yet, it is through generous Zakat contributions that we have been able to offer much-needed support to those seeking relief from hardship, housing assistance, or opportunities to enhance their livelihoods through education and employment.

The positive impact of your Zakat is palpable – recipients have told us that not only have they found immediate relief but they have also grown closer to the community and strengthened in faith. Our partnerships with major international humanitarian charities, particularly Islamic Relief in 2023, further enabled us to extend our reach within the UK, ensuring that the Zakat given supports our fellow Muslims locally.

To enhance the efficiency and effectiveness of our distribution, we have implemented several improvements this year.

The impact of your Zakat for Sarah, Zakat Hardship Relief recipient:

When Sarah escaped her violent marriage, she had no idea how to provide for her four young children. She desperately needed help but couldn't find support until she came across NZF.

Sarah's husband was abusive, and as a convert to Islam, she felt alone and scared without support from friends or family. After years of abuse, Sarah left her husband with just the clothes she was wearing, determined to create a better future for her children.

As a single mother, she faced many challenges, struggling to make ends meet and provide for her children, one of whom is disabled. Relying on benefits wasn't enough to pay the bills. Desperate, Sarah feared her gas being shut off, leaving her family without heat or hot water. That's when she heard about NZF.

Sarah applied to the Hardship Fund and received Zakat to help pay her gas bill and other essentials. The assistance provided by NZF gave her a lifeline, allowing her to focus on her children without the constant fear of how to provide for them.

"Tonight, I will put my head on the pillow without stressing over finances and money. I'll be able to pay the £300 bill for gas this month. Thank you to everyone at NZF, I don't feel so alone anymore."



We continued our streamlined registration process for the Hardship Fund, allowing applicants to register swiftly and submit detailed applications with the necessary documentation. Our experienced Grants Officers have played a crucial role in guiding applicants through this process to accurately reflect their financial situations. We also introduced technology to automatically verify identification and assess bank statements, bringing the latest developments in artificial intelligence in aiding our Grants Officers and increasing the speed with which we can process applications and help those in need.

We further developed our new initiative of distributing Zakat through community partners. We added a further three London Mosques in 2023 to our Community Zakat Programme (CZP). This model leverages local community hubs where applicants can receive face-to-face assistance with their applications and access additional services. The initial results of this programme have been encouraging, demonstrating a successful model for promoting solidarity and support within the community. We intend to roll this out to other parts of the country.

Looking forward, our goal is to build a National Zakat System, where all Muslims in the United Kingdom live with the comfort of knowing that they are part of a community that is there for them if they fall into hard times. To move to this future, we are developing work in three areas:

i. Connectivity, whereby we create Zakat solutions that connect givers and recipients to their local communities to truly localise the Zakat experience. This is what we will develop by growing our Community Zakat Programme, where Zakat applicants can walk into a local mosque or community centre for a respectful Zakat assessment and immediate receipt of a Zakat grant.

ii. Mobilisation, whereby we educate people of their responsibility to their own communities, and empower them to educate, fundraise and serve. To this end, we started our new community engagement team.

iii. Knowledge, whereby NZF champions the cause of Muslim economic welfare on the national stage. To this end, we recently released our economic impact report, demonstrating the great economic value to British society from Muslims localising Zakat.

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 is pivotal within this network. We are glad to welcome NZF Germany to our ever-growing global family.

On behalf of NZF, we extend our deepest gratitude to our donors, partners, and dedicated team for your unwavering support and commitment to the mission of Zakat. Together, we are making a significant difference in the lives of many, fostering a stronger, more resilient Muslim community in the UK.

Sincerely and with much appreciation,



Sohail Hanif
Chief Executive



Sultan Choudhury
Chair of the Board
of Trustees



Section 1

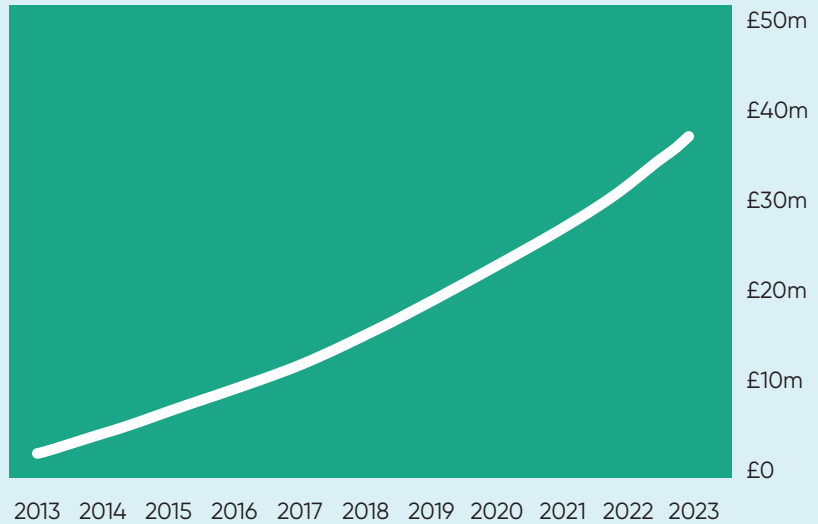
Impact Report

Impact at a glance

Since NZF began, 12 years ago:

Givers have supported
over 81,000 people

Total Zakat distributed
£39.3 million



The impact of your Zakat in building a thriving, closer Muslim community¹



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

Zakat recipients rated the impact on average 4.74 out of 5 –

that's 94.8%!



Has the help from NZF increased your faith?

Zakat recipients rated the impact on average 4.68 out of 5 –

that's 93.6%!



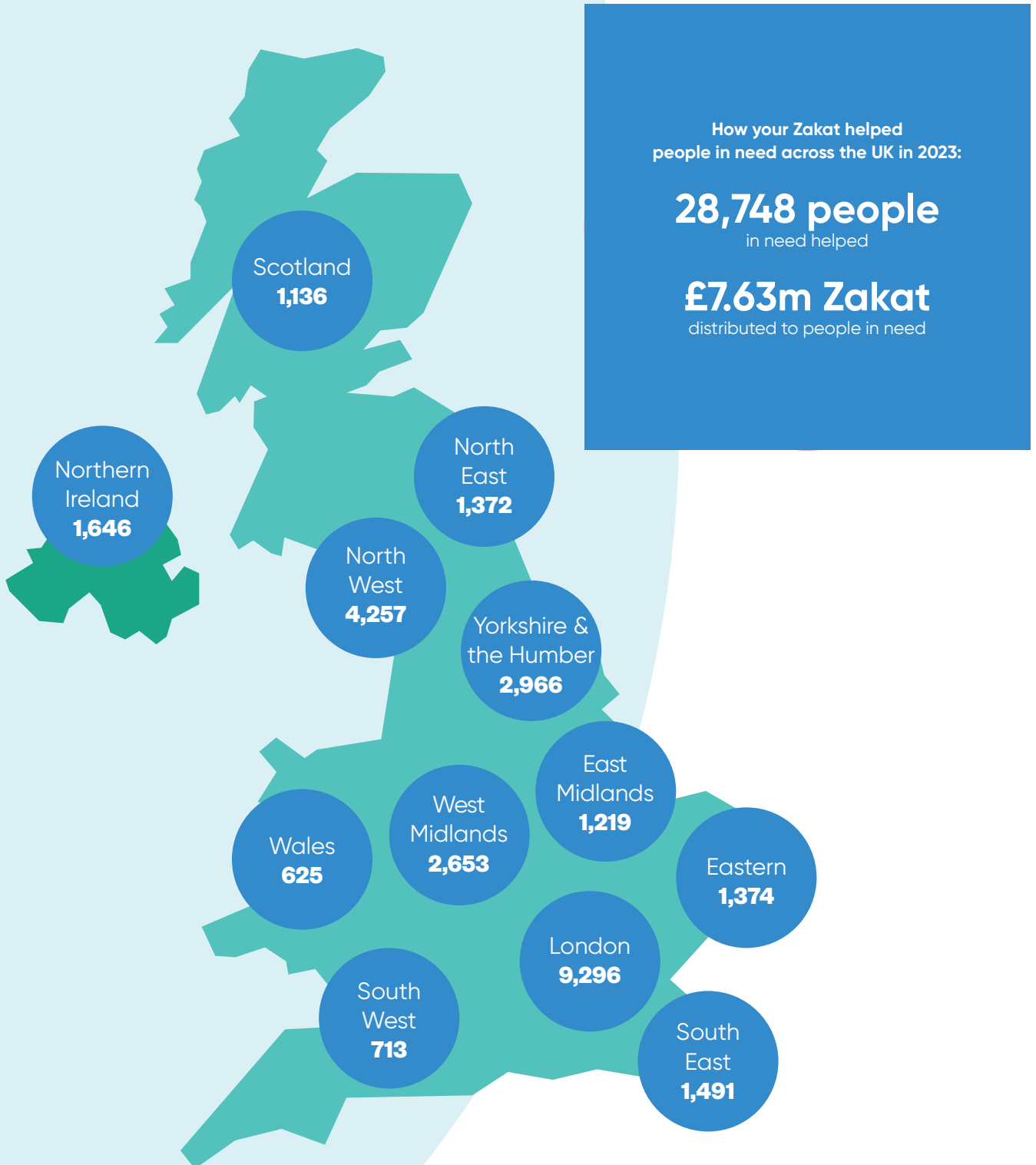
Has the money we gave helped you to get your finances back on track?

Zakat recipients rated the help on average 4.63 out of 5 –

that's 92.6%!

¹ 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 2023: number of people in need helped



Impact at a glance

continued

You gave help in these areas

Hardship Relief

Grants for vulnerable Muslims to pay for basic essentials.

Housing

Support for safe and secure homes through clearing rent arrears and buying basic furniture and goods.

Work and Education

Support to help people back in to work.

How you've helped in 2023, by fund

	People in need you've helped, by fund		Your Zakat distributed, by fund	
	No. of people	%	£	%
Hardship	25,945	90.3%	5,774,680	75.6%
Housing	2,423	8.4%	1,276,868	16.7%
Work	352	1.2%	328,434	4.3%
Education	28	0.1%	256,916	3.4%
Total	28,748	100%	7,636,898	100%

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.

25% chose to pay extra, so all their Zakat went directly to a recipient.



75% covered their distribution cost through the Zakat they gave.



10p to cover their Zakat cost



About us

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 ties in real communities, so no-one feels alone and alienated 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.

Zakat is not only a religious obligation but also a powerful tool for social and economic justice.

1. Strengthening Local Communities:

By allocating Zakat funds within the giver's own community, the impact is direct and immediate. This approach helps to address poverty, inequality, and other social issues at a local level, thereby strengthening community bonds and ensuring that the needs of the most vulnerable are met effectively.

2. Boosting Local Economy: When Zakat is distributed locally, it circulates within the community, supporting local businesses and services. This circulation can boost the local economy by increasing overall spending and investment, which can lead to job creation and economic stability.

3. Fulfilling Religious Obligations Ethically: Islam encourages Muslims to look after their neighbours. By focusing Zakat contributions on the local community, donors can fulfil their religious duty in a manner that aligns with the ethical teachings of Islam, promoting a sense of responsibility and empathy within the community.

4. Enhancing Transparency and Trust:

Local distribution of Zakat can enhance transparency and build trust among contributors. Donors are more likely to see the outcomes of their contributions, which can encourage continued generosity and participation in Zakat programs.

5. Empowering Local Decision-Making:

Local administration of Zakat funds allows for decisions to be made by those who are closest to the recipients and understand their unique circumstances. This localized decision-making process ensures that Zakat has the most meaningful impact.

6. Creating a Sustainable Model of Charity:

By nurturing local giving and resource allocation, communities can revive a sustainable model of charity that does not rely heavily on external aid. This autonomy fosters resilience and self-sufficiency.

Muslim poverty in the UK is a critical issue that requires urgent attention. Despite the overall economic growth in the country, a significant proportion of the Muslim population experiences high levels of poverty and socio-economic disadvantage. According to the Muslim Census nearly 50% of Muslims live in poverty against 18% of the whole population. This creates barriers to opportunity such as unemployment and lower educational attainment, alongside discrimination. Tackling this issue is important not only for promoting social justice and equality but also for fostering community cohesion and economic stability. Addressing Muslim poverty can help break the cycle of deprivation, enabling individuals to contribute more effectively to society and reducing the social costs associated with poverty, such as healthcare, welfare and housing.

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 highlight the benefits of Zakat for community welfare upliftment and encourage others to advocate too. We apply our values in all that we do.

NZF is committed to listening to its givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. We give Zakat givers a choice about which fund or funds to contribute their individual Zakat to, and whether they would like any of their Zakat to contribute to the cost of getting it to those eligible. We are diligent in ensuring policies are reviewed, endorsed and certified by scholars and make this certification available on our website.



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

"We cannot recommend NZF enough."

How do we help? Our charitable activity

Our charitable activities are:

1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship by providing funds to cover basic essentials.

We give eligible individuals a grant to help cover the costs of food, clothing, and small debts for them and their family.

In 2023, Zakat givers helped 25,945 people in need across the UK through NZF's Hardship Relief Fund (up from 14,670 in 2022). 76% of all 2023 Zakat was distributed through this fund.

In 2023, Islamic Relief gave NZF £300,000 of Zakat to distribute to Muslims in need in the UK. This was the 4th time IR partnered with NZF as part of their strategy to help local Muslims in the UK.

Community Zakat Programme

In 2022, NZF launched its strategy of moving towards building a community of Zakat providers. Our Community Zakat Programme provides emergency cash support to individuals in hardship need. The aim is to empower community organisations to provide Zakat at a local level, building a Zakat system for the community.

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



This would allow individuals in these areas direct access to Zakat distribution hubs, access to a larger support network and wrap-around services.

In 2023, we expanded the programme to partners in London and a partner in Bradford. We have provided over £61,000 of community Zakat to around 350 applicants. In the coming year we hope to expand the programme further with an aim of 10 partners onboarded.

Through these collaborative efforts and community-led initiatives, NZF has not only extended a lifeline to those in need but has also cultivated a culture of support and solidarity within local neighbourhoods. By harnessing the expertise and networks of our local partners, we have been able to establish a grassroots-led Zakat programme that is deeply embedded within the fabric of the communities it serves.

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



The impact of your Zakat for Mustafa, Zakat Work Fund recipient:

Mustafa, a Syrian national, came to the UK with his wife, hoping to build a new future. Despite suffering from a heart condition, he was determined to become a pharmacist.

He applied for the Overseas Pharmacists Assessment Programme but struggled with course costs and living expenses. Working as a trainee dispenser, his income was barely enough, and his health prevented extra work.

Eventually, he found help through NZF's Work Fund, which eased his financial burden and motivated him. Mustafa hopes to give back to NZF once he completes his studies.

This approach not only ensures greater accessibility and responsiveness to the needs of the most vulnerable but also fosters a sense of belonging and empowerment among community members.

As we look ahead to 2024 and beyond, NZF remains committed to nurturing and expanding our community-led Zakat programme, ensuring that every individual has access to the support they need to lead dignified and fulfilling lives. By empowering local communities, fostering partnerships, and building networks of support, NZF is paving the way for a brighter and more resilient future for all.

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 Fund

The Housing Fund gives grants to help Muslims in the UK who need support to live in affordable, habitable and safe accommodation.

In 2023, Zakat givers supported 2,423 people in need across the UK through the Housing Fund (compared with 1,966 in 2022). 17% of all 2023 Zakat was distributed through this fund.

3. Work and Education Fund

The Work Fund gives grants to help Muslims in the UK who are unemployed or on low incomes to get a job and increase their incomes. This fund supports individuals by providing financial assistance for work-related training, funding qualifications, and offering resources necessary for career advancement. By covering these costs, the fund empowers recipients to enhance their skills and qualifications, thus improving their employment prospects and long-term earning potential.

In 2023, Zakat givers supported 352 people in need across the UK through NZF's Work Fund (compared with 384 in 2022). 7% of all 2023 Zakat.



The impact of your Zakat for Shereen, Zakat Housing Fund:

When Shereen fell behind on her rent, she was terrified of losing her home. Unable to access benefits, she felt alone and didn't know where to seek help. Your Zakat helped her avoid eviction and feel safe and cared for by her community.

Shereen has always been hardworking, but despite her best efforts, she found herself in great difficulty when she fell behind on her rent. Her low-income job and the spiralling cost of living made it impossible to make ends meet.

To make matters more challenging, Shereen's residential status barred her from accessing crucial housing benefits, and with no family and friends to turn to for help, she felt very alone and overwhelmed by her situation.

Thankfully, she learned about NZF at her local mosque and immediately applied to the Housing Fund for help. Her application was accepted, and she received the financial support needed to avoid eviction from her home.

Your Zakat provided a lifeline for Shereen when she needed it most. Beyond the financial relief, your support reminded her that she wasn't alone and that her community was there for her in her time of need.

The service we provide

We provide a full service for the giver, benefitting 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 a dedicated email supported by a Scholar, online webinars, an up-to-date knowledge bank and Zakat guides.

Give:

Zakat givers choose at the time of payment as to where they would like their Zakat to go. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing, Work & 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 non-distribution 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 have introduced many ways for givers to pay Zakat. Our integrated PayPal payment gateway accounts for 20% of all payments. Givers also give through Apple Pay, Google Pay and Cryptocurrency.

Distribute:

Apply: Those in need of Zakat apply online to NZF 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 fill in 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. We improved efficiency in the verification process for applicants with more 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 make sure we give them the right 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 Work or Education Grants, Grants Officers offer funding for training and education to help applicants get into work and serve their communities. In addition, for all funds, Grants Officers refer applicants to any additional funding or help they might be eligible for.

Mufti Amjad, External Shariah and Quality Auditor

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



The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations which provide support and funding to people in need. 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'. Mufti Amjad Mohammed 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 out a personal email to let Zakat givers know 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 2023. 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 have access to 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 24 years.

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

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

We provide Zakat givers with many ways to help ensure they pay the right 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 Zakat giver 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.



How we raised and spent funds

Income:

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

In 2023, we generated total voluntary income of £8,954,901 (2022: £7,777,280). Total expenditure was £9,740,156 (2022: £7,540,985). We had net incoming resources in 2023 of £785,255. (2022 net incoming resources: £236,295).

The main source of our income was Zakat, comprising £7,108,873 (2022: £6,174,866). Most Zakat givers gave 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 a 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 (11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within five to six months.

Despite the cost-of-living crisis affecting givers, in 2023 we exceeded the Zakat income level achieved in 2022 by over 15%. The increase in 2023 reflects a growing individual donor base, growing 15% from 11,700 to 13,400 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 £300,000 Zakat funds during 2023 for NZF to distribute in the UK in 2023 (2022: £100,000).

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 £519,901 (2022: £528,637) of unrestricted Sadaqah funds in the year which, along with £1,024,544 (2022: £874,928) of Gift Aid, was critical to cover non-distribution costs of the charity and to raise funds. NZF received £170,193 (2022: £74,430) of Riba also used for non-distribution costs. The In-Kind Donation of £27,500 (2022: £45,500) represents voluntary time contributed towards the work of NZF recognised this year within the financial 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 fund for Zakat. Applicants were able to apply to one or more of the following funds:

Hardship Relief, Housing, Work and Education.

Of the £7,601,982 (2022: £5,537,975) of Zakat/Zakat ul Fitr grants we distributed in 2023: 76% or £5,752,903 (including 100% of the Zakat ul Fitr grants) was distributed directly to eligible people in need by the Hardship Relief Fund (2022: 67%); 17% or £1,273,478 by the Housing Fund (2022: 16%); and 8% or £575,601 by the Work and Education Fund (2022: 17%). All unspent funds from 2022 were carried over and spent in the early part of 2023. The Hardship Relief Fund and the Work and Education Fund resulted in a deficit in 2022 in the Statement of Financial Activities as the distribution of 2022 funds were also included in the distribution of £5,752,903 and £575,601 respectively.



Total direct charitable expenditure was £1,264,106 (2022: £1,163,800). The majority of the expense is the distribution service which checks Muslims who apply for help are genuinely in need and takes great care to get the 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 Zakat education and Calculation, funded by Sadaqah.

We incurred support and governance costs of £261,878 (2022: £212,306) during the year. Support and governance costs equated to 2.7% (2022: 2.8%) 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 raising funds was a further 6.3% (2022: 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 a new CRM to improve the experience for Zakat givers, other donors, applicants, and all other users is now planned for 2024.

Cash Reserves:

Our Zakat grant cash reserves at the end of December 2023 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2024, when most givers give their Zakat.

Our non-grant reserves are also higher than anticipated, due to a delayed investment in IT projects. This is because our planned CRM upgrade proved more complex than anticipated, so it took longer to find an appropriate vendor. This project was commenced in 2024.

Cash deposits form the bulk of our cash reserves. Almost all cash deposits at year-end are for non-grant expenditure. There has been an increase in cash deposits in 2023 compared to 2022 to enable us to earn returns and generate non-grant income to further the work of NZF.

Due to high demands from applicants we are continuing to maintain higher liquidity (cash deposits) to enable us to distribute more quickly, therefore grants funds cannot be deposited for lengthy periods.



Thank you

Zakat givers, organisations and partners have enabled NZF to support many people in hardship.

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.

"Assalam Alaikum. I received the Zakat money today and I can't thank you enough for your help. May Allah grant you janet el firdawss to all of you. To everyone involved in this foundation. Jazakoum allah khayran. Ramadham Mubarek to you all"

[unedited message from grant recipient]

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 submitting applications on their behalf.

In addition, our work is strengthened by partners.

We look forward to building upon existing relationships and forging new ones in 2024 and beyond.

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



Our supporter community

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

Hardship Relief Fund	Work Fund	Advocacy Partners	Fundraising and other supporters continued
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	Balham & Tooting Mosque
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	Fundraising and other supporters	Streatham Mosque
Hestia	Rio Training Academy	Amaliah	Kingston Mosque
Housing Fund	Securtiy Training Solution	Amanah Advisors	New Malden Muslim Association
C Supplies	Association of Muslim Schools	Emerald Network	Funders
Greater Change	Refugee Council	Islamic Finance Guru	Islamic Relief
Abigail Housing	Education Fund	Inspire FM	Muslim Aid
	Al-Salaam Institute	Islamic Impressions	Euro Quality Foundation
	Cambridge Muslim College (CMC)	Kestrl	Zouq Foundation
	Common Purpose	Minted	
	Markfield Institute of Higher Education (MIHE)	Qardus	
	New Citizens' Gateway	Association of Muslim Lawyers	
	Stephen Maynard Islamic Counselling	British Islamic Medical Association	
		Muslim Doctors Association	
		CUBE Network	
		Deutsche Bank Muslim Network	
		BDO Muslim Network	
		Deloitte Muslim Network	

Bringing Zakat to life in 2024 and beyond

We are committed to uphold Zakat, the third pillar of Islam, for our community. Our goal is to work with the UK Muslim community to establish a truly National Zakat System. This is a network of solidarity and support that reaches every Muslim in the UK, to give UK Muslims a feeling of comfort in knowing that there is a community there for them.

In order to build this National Zakat System, we have identified three strategic initiatives. The first initiative we call 'Connectivity', namely, to connect recipients directly to their local communities by embedding Zakat distribution within communities. We will expand the piloted model of distribution through organisations working at the heart of local Muslim communities, including 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. Our goal is to have empowered 10 such organisations by the end of 2024.

A second initiative we call 'Mobilisation', namely to enable and empower individuals and organisations to advocate for community-level Zakat, by educating, fundraising, or serving in local Zakat projects. To this end, we have added a community engagement team to develop opportunities for volunteers and organisations to do their part in serving their communities.

As part of empowering people to serve their communities, we have started offering volunteer-led fundraising initiatives, including crowd-funding through dinners and treks. We are also developing educational pathways, to empower people to educate others to calculate and pay Zakat. We have also trained volunteers to assess Zakat applicants as part of distributing Zakat through our Community Zakat Programme.

The third initiative we call 'Knowledge', whereby we produce writings, speeches and research to establish 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. We hope to represent and amplify the needs of the Muslim communities in the national conversation.

In 2023 we increased our public engagement, feeding data in to reports from the Joseph Rowntree Foundation, the Cabinet Office and presenting to a session of the London Assembly's Cost of Living Working Group and subsequent report. In 2024 we released our first economic impact report on the monetary impact of our Housing Fund and the huge cost benefits to UK local authorities of our investment. The report demonstrates a £1 to £73 ROI; in other words, for every £1 of Zakat we spend to keep Muslims in housing, we have added a value of £73 to the economy, because it is much more costly to rehouse someone homeless than to maintain them in housing.



The University of Bolton are working with our data team to conduct a wider piece of research on the total economic impact of Zakat in the UK, to launch later in 2024.

In addition, we will explore how to make a step-change in scaling up the service we offer to applicants. NZF continues to receive even higher 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 decreases in benefits, which has disproportionately impacted the Muslim community.

In 2024, 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 services of a dedicated CRM project manager. This was delayed from last year due to time taken in finding an appropriate vendor.

Income in 2024 is uncertain, given the impact of the cost-of-living crisis and the focus of the UK Muslim community on the unfolding humanitarian crisis in Gaza. NZF is working to establish sustainable income sources for both Zakat grants and support and governance costs which are essential for maintaining exemplary governance. In addition to renewing funding partnerships with other charities and foundations, including Islamic Relief and Euro Quality Foundation, NZF will actively seek to create 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, an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada', and is approved by NZF WorldWide, our licensing body.

We'll continue to improve the way we let you know 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 own 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.

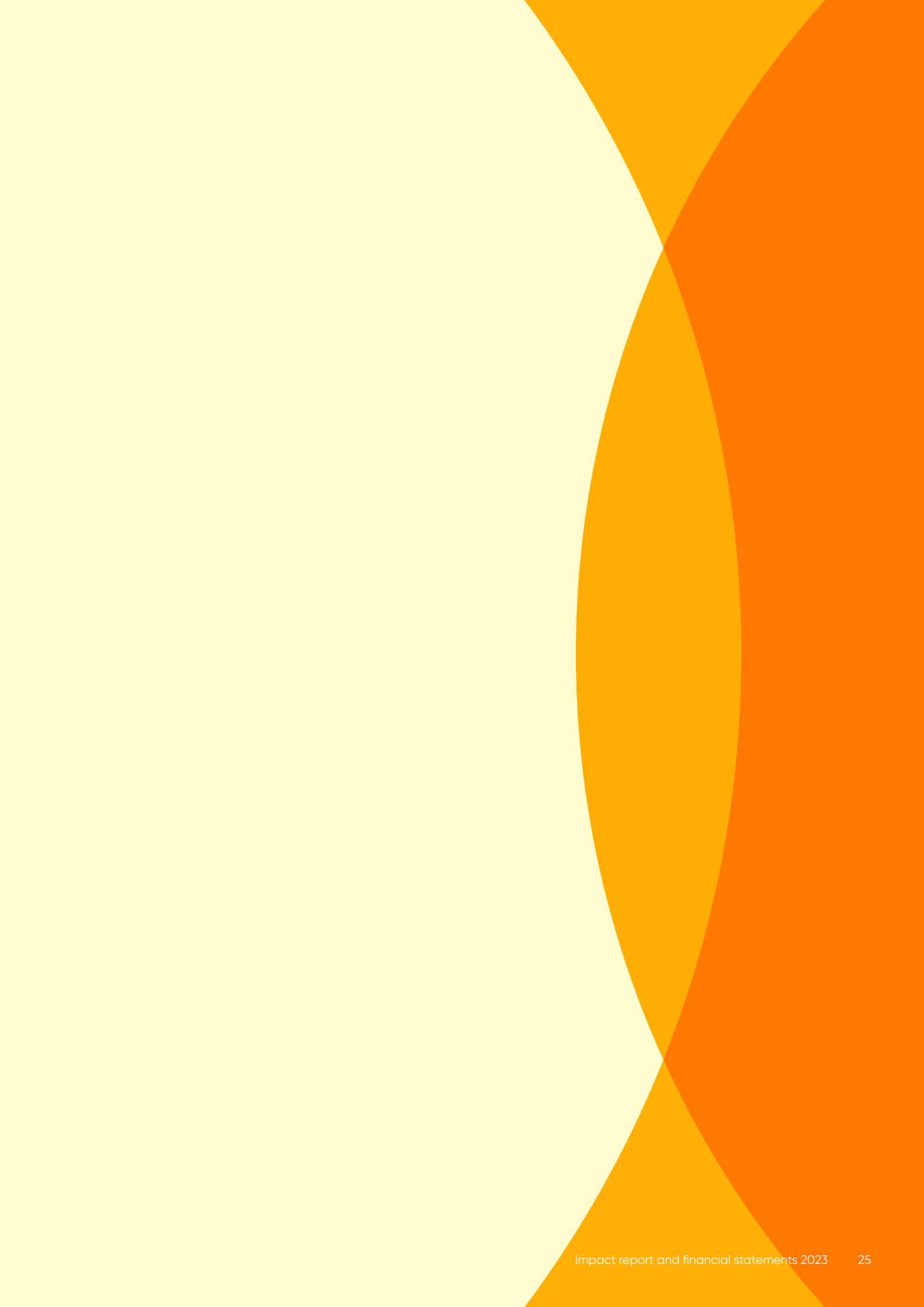
We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

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 2023, 94% 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 that reflects this and we train the team regularly on safeguarding. We thoroughly reviewed and updated our policy. 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 in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

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

We strive for continuous improvement. In 2022, we formed a Diversity Working Group with participants from a variety of backgrounds and designations in the organisation. The group helped the Board assess diversity at NZF from the perspective of staff, givers and recipients. The group found the team have a positive balance of gender, social mobility range, and 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 of 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 2023. From September 2023, the role of Chief Operating Officer was removed and Chief Strategy and Transformation Officer and Chief Financial Officer were introduced.

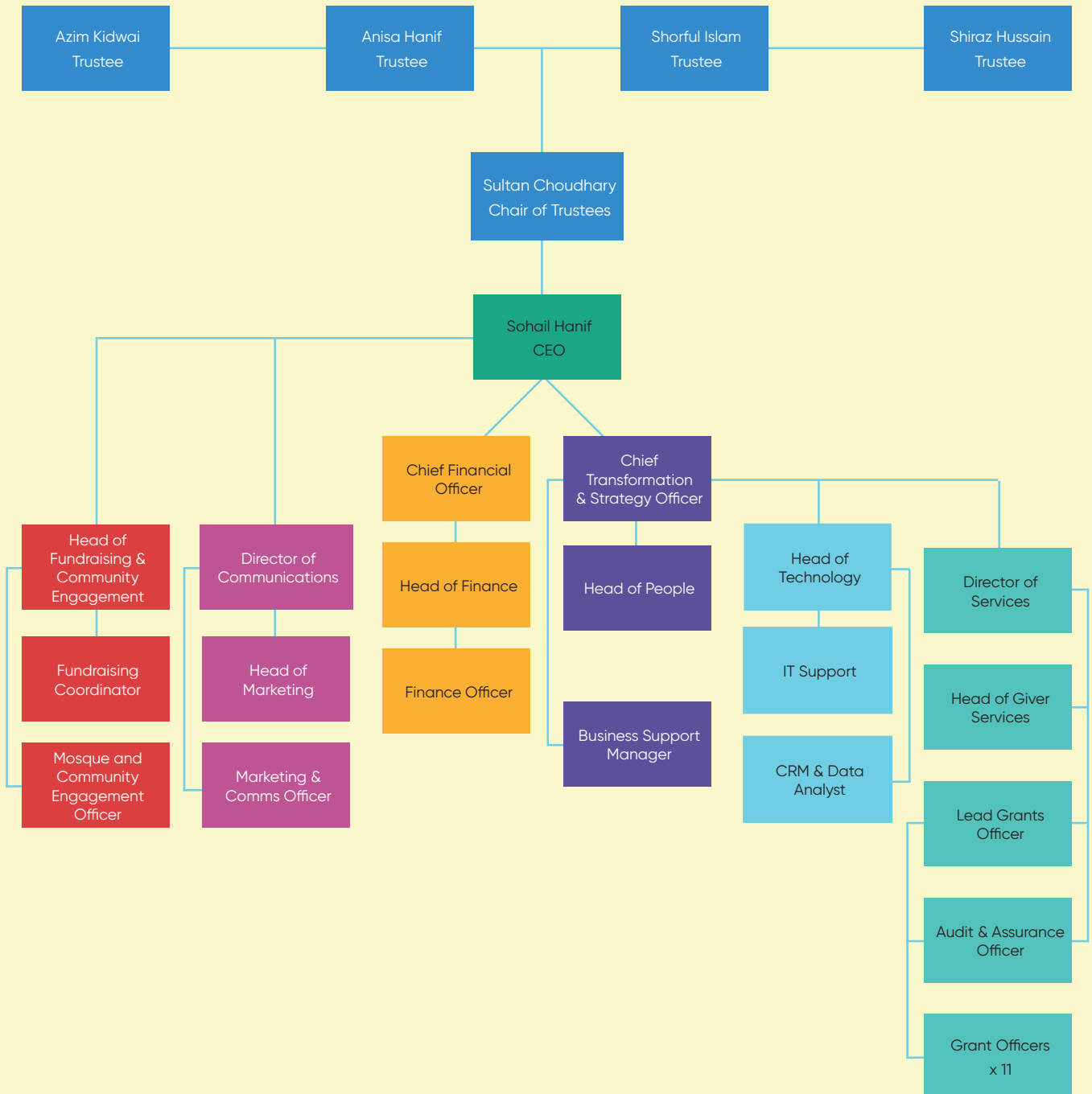
We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. Salaries are reviewed shortly after Ramadan each year. Any salary changes are effective from the following month.

Employee benefits are considered appropriate to ensure the calibre of team given the growing demands on and consequent size of NZF, while recognising NZF is a charity which exists first and foremost for recipients and givers. These benefits comprised optional salary sacrifice and basic healthcare schemes.

We have a comprehensive people system for managing the team with access to unlimited professional HR advice. Policies and processes are easily accessible by employees.

In 2023 we introduced LinkedIn Training for all staff, giving access to thousands on online courses.

Our organisational structure



How we manage the money givers trust us with

Managing risk

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks. The Charity has a Serious Incident policy in place and ensures that employees and Trustees have been trained on adhering to 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 introduced a separate Risk & Governance Committee, ensuring focus on the further development of risk management. In 2022, the Risk Management Policy was significantly updated, and all team members middle management and above developed and owned their own risk register.

The most significant risks are:

Financial: Risk of insufficient funds to cover the cost of managing the organisation.

This risk of not covering the cost of the distribution service – the service of checking applications and distributing Zakat to people in need – is mitigated by ensuring that each giver covers the direct cost of getting their Zakat to recipients, either through their Zakat or through an additional Sadaqah donation.

Historically, sufficient funds including Gift Aid have been generated to cover non-distribution costs of the organisation and the cost of raising funds. The risk of not covering the non-distribution related costs of the organisation and the cost of raising funds is mitigated by the appointment of an experienced Head of Fundraising and Community Engagement.

The organisation's strategy and its key elements (e.g. budgetary review, cash resources and cashflow forecasting) are subject to regular management, Finance and Audit Committee and Board review, supported by operational updates and key operational metrics.

People: Risk of insufficient leadership expertise or skilled staff.

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 put in place staff training. We have added new senior roles. We have filled experience gaps with external advisors. We have reviewed compensation to ensure it is in line with what skilled employees can expect.

Technology: Risk of failure of key IT systems.

The likelihood of this risk is being mitigated through operational systems, controls and improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include constant improvements to NZF's technological capabilities - for example, with the upgrade of our CRM system, supported by external Advisors and a 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 damage reputation and/or negatively impact operations.

We carefully assess recipients of Zakat grants to ensure eligibility and likely impact, taking an approach that is proportionate to the size of the Zakat grant. We carefully assess suppliers to ensure they are viable, low-risk and can support us with quality work. We involve the Board where financial amounts are significant. We have put GDPR-compliant systems in place which are well above the minimum standard required and conduct an annual GDPR check. We have an external GDPR Advisor.

Safeguarding: Risk of not protecting vulnerable people from harm.

This risk is mitigated by ensuring NZF has a safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We thoroughly reviewed and updated our policy in 2022. We maintain training on safeguarding, have a dedicated safeguarding officer, and ensure that community partners have a safeguarding policy in place. We will continue to provide safe places, encourage the confidence to report any issues, and take consistent action.

Our approach to operations

We made continuous improvements in the use of our Customer Relationship Management (CRM) system for applicants' and payers records. We also further embedded the use of our Accounting System, Accounts IQ.

Our public fundraising approach

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

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

The Director of Communications and Head of Fundraising and Community Engagement managed most income-generation activities, guided and monitored by the CEO, with overall oversight by the members of the Board. In 2023, we did not use external 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 who agree to be contacted in this way – individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

We consider that our processes and controls ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

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

Charity Clarity provides an independent rating of charities. They reviewed NZF and gave a rating of 3.92 out of 5. The average rating on their website is 2.92.

<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.

The Board is currently made up of five members.

The Board meets at a minimum four times a year.

In addition, the Board has several working groups, consisting of Trustees and expert Advisors, whose purpose is to support management and advise the Board in their areas of expertise. These include the Finance and Audit Committee (FAC) which meets regularly to promote and safeguard the highest standards of integrity, financial reporting and internal control, and oversees capital spend projects.

The Board also has a Risk & Governance Committee which meets at least twice a year to provide oversight of the organisation's governance and risk-management processes. A Technology Committee provides guidance, support and oversight of the Technology function including infrastructure, the CRM, digital product development and data analysis. A Marketing working group brings expertise in marketing, fundraising and communications to advise on the organisation's fundraising and outreach activities.

Trustees are rotated over a medium- to long-term basis, to provide fresh ideas and to avoid complacency in the role. One long serving Trustee left at the end of 2023 and one is due to leave mid 2024.

The Chief Executive and his team make operational decisions and run the charity. The CEO is responsible for enacting the organisational objectives agreed with the Board. People managers then align their objectives with these and set objectives for their direct reports. The Chief Executive and Team Leaders ensure that 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 defined a clear pathway for appointing new trustees which allows opportunity to assess their skills and suitability before they are invited to serve as trustees. Potential trustees will serve initially as Advisors to a Working group of which they may become a member after attending two Working group meetings. The pathway allows progression to serve as Advisor to Board and finally to serve as a Board member after attending 2-3 Board meetings. Progression at each stage is decided by the Chair of Trustees after 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 on ensuring the profile of Trustees is broadly representative of the people we are trying to help, givers and recipients we serve, and that Trustees are empathetic. This means that 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 givers 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 fully disclose details of our Trustees and their biographies on our website.

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

"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 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 take feedback from the Shariah audit on board and regularly implement aspects for improved Governance.

We have a Serious Incidents policy which requires the recording of any material incidents that occur within the organisation or in the delivery of our services. There were no serious incidents in 2023.

We have a conflicts of interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold their 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 of a variety of diverse backgrounds and designations in the organisation.

Trustees and employees are from a range of backgrounds. We currently have four male trustees and one female trustee. 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. Educational events are equally held online and offline in community settings. We have started a small-scale programme of engagement with community partners so applicants have the opportunity to apply face-to-face.

All giver 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 meet face-to-face minimum monthly 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 surrounding Islamic finance/wealth management and philanthropy
- Seek opportunities to showcase the NZF UK case study in global Zakat forums
- Facilitate cooperation between NZF entities across the globe to improve efficiency, effectiveness and asset creation

In 2023, NZF Worldwide 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, in 2023, involving all country NZFs. CEOs and Chairs from across NZFs came together to plan collaboration in services and infrastructure to amplify the global impact of the NZF family and facilitate growth into new countries.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent and extensive Zakat management experience, Mufti Amjad Muhammed.

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.

The charity's total funds at the year-end amounted to £2,928,840 of which £1,978,861 were unrestricted general funds and £949,979 of the reserves were restricted funds.

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 give 74% 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 give grants to individuals in the first part of the following year, before we receive that year's Ramadan income.

Each year, substantial Sadaqah and other 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 non-distribution 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.

Investment policy and performance

National Zakat Foundation holds the majority of all short-term investments as non-interest-bearing cash deposits. Additionally less than 2% of funds were held as short term accessible investment with Nester in property. The objective of our investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Investment income in 2023 was £24,866 (2022: £10,253).

Going concern

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



Our leadership team

TRUSTEES

Sultan Choudhury OBE (Chair)

Anisa Hanif

Azim Kidwai – to leave Summer 2024

Muhammed Yesilhark – finished term Dec 2023

Shiraz Hussain – joined Dec 2023

Shorful Islam- joined Dec 2023

CHIEF EXECUTIVE

Sohail Hanif

AUDITOR

Sayer Vincent

Invicta House

108-114 Golden Lane

London

EC1Y 0TL

BANKERS

Al Rayan Bank

Lloyds Bank

SOLICITORS

Bates Wells

10 Queen Street Place

London

EC4R 1BE

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

Kemp House

152-160 City Road

London

EC1V 2NX

Statement of Trustees' responsibilities

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

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

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

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

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

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

In so far as the Trustees are aware:

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

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

On behalf of the Board

Sultan Choudhury OBE
Chair of Trustees

11 July 2024

Section 3

Financial statements

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

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) (the 'charitable company') for the year ended 31 December 2023 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 2023 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 (NZF)'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

- 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. 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)

5 September 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities

for the year ended 31 December 2023

	Note	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
INCOMING RESOURCES							
Incoming Resources from Generated Funds:							
Donations and Legacies							
Hardship Relief	2	-	4,776,514	4,776,514	-	4,057,328	4,057,328
Housing	2	-	1,313,056	1,313,056	-	928,170	928,170
Work & Education	2	-	473,352	473,352	-	693,225	693,225
Other	2	2,367,113	-	2,367,113	2,088,304	-	2,088,304
Charitable activities				-			-
Investment income	3	24,866		24,866	10,253	-	10,253
TOTAL INCOMING RESOURCES		2,391,979	6,562,922	8,954,901	2,098,557	5,678,723	7,777,280
RESOURCES EXPENDED							
Raising funds	4	639,689	-	639,689	641,767	-	641,767
Charitable activities							
Hardship Relief	4	837,914	5,752,903	6,590,817	739,287	3,752,169	4,491,456
Housing	4	194,789	1,273,478	1,468,267	200,697	875,064	1,075,761
Work & Education	4	199,396	575,601	774,997	166,404	910,742	1,077,146
Leadership Investment	4		-	-		-	-
Zakat Education and Calculation	4	266,386	-	266,386	254,855	-	254,855
TOTAL RESOURCES EXPENDED		2,138,174	7,601,982	9,740,156	2,003,010	5,537,975	7,540,985
Net income/(expenditure)		253,805	(1,039,060)	(785,255)	95,547	140,748	236,295
Transfer between funds	15						
Other Recognised							
Net gains/(losses) on disposal of tangible assets	10	-	-				
Net Movement in Funds		253,805	(1,039,060)	(785,255)	95,547	140,748	236,295
Reconciliation of funds:							
Total funds brought forward	15	1,725,056	1,989,039	3,714,095	1,629,509	1,848,291	3,477,800
Total funds carried forward		1,978,861	949,979	2,928,840	1,725,056	1,989,039	3,714,095

Balance sheet

as at 31 December 2023

Company number: 08536743

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	8,632	6,695
Intangible assets	11	76,976	30,912
		85,608	37,607
CURRENT ASSETS			
Debtors	13	167,303	120,833
Investments	12	269,736	252,407
Cash at bank and in hand		2,444,748	3,398,719
Deposit accounts		67,610	10,104
		2,949,397	3,782,063
LIABILITIES			
Creditors: amounts falling due within one year	14	(106,165)	(105,575)
TOTAL NET CURRENT ASSETS OR LIABILITIES		2,843,232	3,676,488
TOTAL NET ASSETS OR LIABILITIES		2,928,840	3,714,095
THE FUNDS OF THE CHARITY			
Unrestricted funds			
General funds	16	1,978,861	1,725,056
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	16	949,979	1,989,039
TOTAL FUNDS		2,928,840	3,714,095

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 11 July and signed on its behalf by:

Sultan Choudhury OBE

Chair of Trustees

Statement of cash flows

for the year ended 31 December 2023

	2023 £	2022 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(829,757)	301,134
Cash flows from investing activities:		
Dividends, profit and rents from investments	7,537	7,846
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(74,245)	(25,541)
Purchase of investments	(150,000)	(100,000)
Cash held for investment purposes	150,000	(150,000)
Proceeds from sale of investments	-	-
Deposit account greater than 3 months	(57,506)	882,153
Net cash provided by (used in) investing activities	(124,214)	614,458
Cash flows from financing activities:		
Repayments of borrowing		(200,000)
Cash inflows from new borrowing		
Receipt of endowment	-	-
Net cash provided by (used in) financing activities		(200,000)
Change in cash and cash equivalents in the reporting period	(953,971)	715,593
Cash and cash equivalents at the beginning of the reporting period	3,398,719	2,683,126
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	2,444,748	3,398,719
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(785,255)	236,295
Adjustments for:		
Depreciation charges	26,244	60,347
(Gains)/losses on investments	-	-
Dividends, interest and rents from investments	(24,866)	(10,253)
Loss/(profit) on the sale of fixed assets	-	-
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(46,470)	23,582
Increase/(decrease) in creditors	590	(8,836)
Net cash provided by (used in) operating activities	(829,757)	301,135
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	2,444,748	3,398,719
Total cash and cash equivalents	2,444,748	3,398,719

Notes to the financial statements

for the year ended 31 December 2023

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 Kemp House, 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.

The National Zakat Foundation meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 37.

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 two 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 about the need for local Zakat and NZF's role in coordinating the collection and distribution of Zakat across the UK. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/seminars.

Due to the difficulty in valuing the total contribution of volunteer time and skills, 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 that can be directly allocated to costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries.

Costs of raising funds comprises those costs that can be directly allocated to costs incurred in attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objectives 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 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. These are donations which are earmarked for distribution to beneficiaries through one of our Zakat funds. Donors may specify the fund where the Zakat will be distributed or let NZF decide.

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 held in a deposit account; 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 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Zakat 1	624,376	6,484,497	7,108,873	564,809	5,610,057	6,174,866
Zakat-ul-Fitr	–	43,889	43,889	–	36,039	36,039
Fidyah & Kaffarah	–	34,536	34,536	–	32,627	32,627
Sadaqah	519,901	–	519,901	528,637	–	528,637
Riba	170,193	–	170,193	74,430	–	74,430
In-Kind Donations	27,500	–	27,500	45,500	–	45,500
Income for NZF services	599	–	599	–	–	–
Gift Aid	1,024,544	–	1,024,544	874,928	–	874,928
Legacy Income	–	–	–	–	–	–
Grant income	–	–	–	–	–	–
	2,367,113	6,562,922	8,930,035	2,088,304	5,678,723	7,767,027

Zakat: We use 100% of Zakat for charitable activity. (2022:100%) We do not use Zakat to raise funds or for non-distribution costs. Of the £7,108,873 Zakat, £624,376 of Zakat (2022: £564,809) is used or will be used to cover the cost of distributing the 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.

The remaining unrestricted funds are used to cover other direct charitable expenses, support and governance costs as well as the cost of raising funds.

3. INVESTMENT INCOME

	Total funds 2023 £	Total funds 2022 £
Income on deposits	7,537	7,846
Return on Investments	17,329	2,407
	24,866	10,253

Investment income comes from a Sharia compliant property debt platform.

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 2023 £	Total 2022 £
Zakat and Zakat ul Fitr grants	5,752,903	1,273,478	575,601	-	7,601,982	-	7,601,982	5,537,975
Direct employees cost	454,998	103,577	106,299	68,597	733,471	153,467	886,938	829,548
Direct costs	238,103	62,247	64,132	166,153	530,635	458,723	989,358	961,156
Support and governance costs	144,813	28,965	28,965	31,636	234,379	27,499	261,878	212,306
Total	6,590,817	1,468,267	774,997	266,386	9,100,467	639,689	9,740,156	7,540,985

Prior Year

	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	875,064	910,742	-	5,537,975	-	5,537,975	3,830,183
Direct employees cost	435,050	120,909	84,016	55,252	695,226	134,322	829,548	690,674
Direct costs	184,851	51,945	53,406	178,371	468,574	492,582	961,156	1,012,388
Support and governance costs	119,386	27,843	28,982	21,232	197,443	14,863	212,306	154,843
Total	4,491,456	1,523,990	628,917	254,855	6,899,218	641,767	7,540,985	5,688,088

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 2023 £	Total 2022 £
Zakat and Fidyah/ Kaffarah	5,709,014	1,273,478	575,601	-	7,558,093	-	7,558,093	5,501,936
Zakat ul Fitr	43,889	-	-	-	43,889	-	43,889	36,039
Zakat - for distribution service	578,123	129,743	58,643	-	766,509	-	766,509	557,220
Sadaqah, Riba, Gift Aid and other income	259,791	65,046	140,753	266,386	731,976	639,689	1,371,665	1,445,790
	6,590,817	1,468,267	774,997	266,386	9,100,467	639,689	9,740,156	7,540,985

Prior Year

	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 Fidyah/ Kaffarah	3,716,130	875,064	910,742	-	5,501,936	-	5,501,936	3,804,544
Zakat ul Fitr	36,039	-	-	-	36,039	-	36,039	25,639
Zakat - for direct costs	375,280	129,432	52,508	-	557,221	-	557,221	372,737
Sadaqah, Riba, Gift Aid and other income	364,007	71,265	113,896	254,855	804,022	641,767	1,445,789	1,485,168
Total	4,491,456	1,075,761	1,077,146	254,855	6,899,218	641,767	7,540,985	5,688,088

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2023 £	2022 £
Support costs		
Office administration	57,588	62,290
Office Services excl depreciation	39,278	27,701
Depreciation	5,456	6,622
Office services:	44,734	34,323
Governance (incl external audit)	159,556	115,693
Total	261,878	212,306
Governance costs:		
Audit fees	12,600	11,750
Auditor fees for other services	1,140	-
Other professional fees	9,401	9,589
Licence fee and compliance costs	58,100	28,233
Staff costs	78,316	66,121
Total Governance costs	159,557	115,693

During 2023, other professional fees consisted of legal fees and external accountancy services.

Audit Fees for other services in 2023 relates to tax preparation of the 2022 accounts.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

The charity did not pay any Zakat grants to organisations in 2023. (2022:nil)

7. NET INCOMING RESOURCES

	2023 £	2022 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	-	-
Losses on disposal of fixed assets	-	-
Depreciation and other amounts written off fixed assets	26,245	60,347
Total depreciation and other amounts written off fixed assets	26,245	60,347
Operating lease charges	-	-
Auditor's remuneration (Including VAT):		
Audit fees	12,600	11,750
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

	2023 £	2022 £
Employment costs:		
Wages and salaries	904,402	854,135
Social security costs (employers NI)	75,912	77,699
Employer pension contribution	32,016	22,527
Total	1,012,330	954,360

No employee (2022: no employee) had employee benefits in excess of £60,000.

Employees costs exclude amounts paid to external consultants in 2023 of £67,837 (2022 £48,769). Consultants were used for three roles within the Communications team.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2022: £nil). In 2023, there were no travel expenses claimed for trustees (2022: £279). No charity trustee received payment for professional services or other services supplied to the charity (2022: £nil).

Employee benefits of Key Management Personnel totalled £192,362 (2022: £200,360) 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.

In addition to the employee's costs mentioned above, £27,500 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

	2023 FTE	2022 FTE
All team	26.4	23.1

Average employee numbers by team

	2023 No.	2022 No.	2023 FTE	2022 FTE
Services (covers services to givers & recipients)	21	18	17	15.4
Marketing	4	4	4.5	3
Finance, Risk & Governance (formally operations)	7	4	4.9	4.7
Total	32	26	26.4	23.1

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

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2023	19,363	19,363
Additions in year	6,298	6,298
Disposals in year	-	-
At 31 December 2023	25,661	25,661
Depreciation		
At 1 January 2023	12,668	12,668
Charge for the year	4,361	4,361
Eliminated on disposal	-	-
At 31 December 2023	17,029	17,029
Net book value		
At 31 December 2023	8,632	8,632
At 31 December 2022	6,695	6,695

Notes to the financial statements

continued

11. INTANGIBLE ASSETS

	Total £
Cost	
At 1 January 2023	202,944
Additions in year	67,947
Disposals in year	-
At 31 December 2023	270,891
Amortisation	
At 1 January 2023	172,032
Charge for the year	21,883
Eliminated on disposal	-
At 31 December 2023	193,915
Net book value	
At 31 December 2023	76,976
At 31 December 2022	30,912

12. INVESTMENTS

	2023 £	2022 £
Analysis of movement		
Investments at 01 January	252,407	-
Purchase of Investment at cost	150,000	100,000
Returns on Investments	17,329	2,407
Disposal Proceeds	(100,000)	-
Cash held for Investment Purposes	100,000	150,000
Release of Cash held to Purchase Investment	(150,000)	
Investments at 31 December	269,736	252,407

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

13. DEBTORS

	2023 £	2022 £
Trade debtors	-	-
Accrued Income	13,790	14,678
Prepayments	16,775	49,302
Other debtors	136,738	56,853
	167,303	120,833

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	65,428	79,951
Taxation and social security	-	-
Accruals and deferred income	29,544	15,004
Other creditors	11,193	10,620
	106,165	105,575

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 2023, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2022: £nil).

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Total funds 2022 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	85,608	-	85,608	37,607
Net current assets	1,893,253	949,979	2,843,232	3,676,488
Total	1,978,861	949,979	2,928,840	3,714,095

Prior Year

	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
Total	1,725,056	1,989,039	3,714,095	3,477,800

Notes to the financial statements

continued

16. ANALYSIS OF FUNDS

	1 January 2023 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2023 £
Unrestricted designated	-			-	-
General funds	1,725,056	2,391,979	(2,138,174)	-	1,978,861
Total unrestricted funds	1,725,056	2,391,979	(2,138,174)	-	1,978,861
Zakat funds	1,989,039	6,484,497	(7,523,557)		949,979
Zakat-ul-Fitr	-	43,889	(43,889)		-
Fidyah and Kaffarah	-	34,536	(34,536)		-
Total restricted funds	1,989,039	6,562,922	(7,601,982)	-	949,979
Total funds	3,714,095	8,954,901	(9,740,156)	-	2,928,840

Prior Year

	1 January 2022 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2022 £
Unrestricted designated	-			-	-
General funds	1,629,509	2,098,057	(2,003,010)	-	1,725,056
Total unrestricted funds	1,629,509	2,098,057	(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	-	32,627	(32,627)		-
Total restricted funds	1,848,291	5,678,723	(5,537,975)	-	1,989,039
Total funds	3,477,800	7,777,280	(7,540,985)	-	3,714,095

17. OPERATING LEASE COMMITMENTS

The charity did not have any operating lease commitments in 2023 (2022: nil).

18. RELATED PARTIES

Azim Kidwai is a Trustee of NZF, CEO of Mercy Mission and a Director of NZF Worldwide.

In 2023, NZF paid £24,000 (2022: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement, £28,494 (2022: £24,000) to NZF Worldwide as part of a Service Level Agreement, £30,000 (2022: nil) to NZF Worldwide as part of a newly established Leadership fund.

In return, in 2023, NZF Worldwide helped develop a global strategy which will inform our technology development going forward. This was done to explore how NZF can share resources globally within the NZF family in order to improve efficiencies and reduce costs.

In line with the Service Level agreement, NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. NZF Worldwide delivered Zakat consultancy to NZF UK in the Ramadan period ensuring that donors to NZF UK have calculation support in relation to their Zakat payments.

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

Income of £709,672 was received through Mercy Mission in 2023.

In 2023, total Trustee donations amounted to £4,687.50 (2022: £2,489.99).

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)