



# Muslim Hands Annual & Financial Report 2014



Muslim Hands

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## MUSLIM HANDS

Annual report and financial statements for the year ended 31 December 2014

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### Trustees and statutory directors

Dr Musharaf Hussain  
Pir Mohammad Amin-ul Hasanat Shah  
Syed Lakhte Hassanain  
Sahibzada Ghulam Jilani  
Saffi Ullah  
Muhammad Arshad Jamil

### Company number

05080486

### Charity registration number

1105056

### Registered office

148-164 Gregory Boulevard, Hyson Green, Nottingham, NG7 5JE

### Company secretary

Dr Musharaf Hussain

### Auditor

RSM UK Audit LLP, Statutory Auditor, Suite A, 7<sup>th</sup> Floor, City Gate East, Tollhouse Hill, Nottingham NG1 5FS

### Bankers

National Westminster Bank plc, 105 Radford Road, Hyson Green, Nottingham, NG7 5DY

Santander UK plc, Manchester Business Centre, 298 Deansgate, Manchester, M3 4HH

Islamic Bank of Britain plc, Edgbaston House, 3 Duchess Place, Birmingham, B16 8NH

### Solicitors

Freeth Cartwright LLP, Cumberland Court, 80 Mount Street, Nottingham, NG1 6JJ

## MUSLIM HANDS

Strategic Report for the year ended 31 December 2014

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### STRATEGIC REPORT

#### Review of achievements and performance for the year

Thanks to the hard work and efforts of our staff and volunteers together with the unwavering commitment of our supporters, the Trustees of Muslim Hands are pleased with the progress made by the charity during the year beginning 1<sup>st</sup> January 2014 to 31 December 2014. Our aim of being at the forefront in humanitarian work are being realised through the better and faster response in reaching the needy in places like Syria and Somalia, and an increase in the number of beneficiaries reached in Gaza, Iraq, Sierra Leone and Waziristan-Pakistan.

Our long-term development programmes of education and sustainable livelihood also continue to serve an increasing number of individuals and families across some of the most deprived countries. Education remains at the core of Muslim Hands long term development work and 2014 saw further improvements at Muslim Hands schools in terms of infrastructure and the quality of care and education they deliver. The monitoring of school's performance has become more standardised and robust, and is beginning to show remarkable improvements in school standards in all of the locations in which the new monitoring procedures have been implemented – most notably in Pakistan, Kashmir, Sri Lanka and Indonesia.

At home in the UK, Muslim Hands' Inward Investment team carried out a range of projects, from partnering with Prison Services to establishing Food Banks and Soup Kitchens.

The strategic review discusses the achievements and performance of the wider Muslim Hands family.

#### Emergency Response

##### Somalia

During the last 12 months, Muslim Hands aid effort in Somalia has increased substantially – primarily in the area of water aid. Besides increasing the number of wells dug and distribution pipelines laid, Muslim Hands has also repaired dilapidated wells and provided mobile water tankers to remote areas particularly in the dry season.

Muslim Hands set-up emergency health clinics in the Sigale and Guriel camps providing medicine and infant milk to 40,000 needy individuals. Two new mother and child healthcare clinics have been established specializing in ante and post-natal care to approximately 360 patients a day. In addition, 2 abandoned hospitals in Mogadishu have been renovated and reopened, and an ambulance service setup at the hospitals. Overall, this year 80,000 families have received vital food and medicine through Muslim Hands and a further 120,000 families gained access to clean and safe drinking water.

##### Syria

Muslim Hands continues its support towards internally displaced people in Syria as well as for those who have taken refuge in the neighbouring countries of Lebanon, Turkey, Iraq and Jordan. Muslim Hands provided 15,000 families with essential food items and medical treatment to over 25,000 patients. Over 2000 children are attending Muslim Hands supported schools and around 10,000 children have been provided with clothes.

In Lebanon, Muslim Hands was able to provide Syrian refugees with food parcels, safe drinking water, sanitation and medical care. Muslim Hands Mobile water-tankers proved critical in reducing waterborne illnesses which have become rife in a significant number of overcrowded camps. Muslim Hands provided ambulance services to shuttle the sick from the camps to larger hospitals in nearby cities.

##### Iraq

In northern Iraq there are almost 250,000 Syrian refugees, majority of whom live in squalid and overcrowded camps in the Kurdish province of Duhok. A smaller number are being hosted by local families in Duhok. Muslim Hands has been supporting refugees within the camps and also the host families with food parcels and other essential household items. Aid efforts were stepped up in the winter months and an extra 800 families in Mama and Kawa regions near Erbil also received Muslim Hands food parcels.

## MUSLIM HANDS

Strategic Report for the year ended 31 December 2014 *(continued)*

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### Review of achievements and performance for the year *(continued)*

#### Gaza

To support people affected by the on-going crisis in Gaza, Muslim Hands provided medical aid to a number of hospitals. Cooked meals were distributed at the UNWRA schools (within the refugee camps) reaching over 33,700. Muslim Hands has continued the distribution of family food parcels, now reaching over 1,800 families in Beit Lahiya, Beit Hanoun, Jabalia and Gaza City. Towards the end of 2014, the arduous work of restoring the Al-Durrah hospital, 5 schools and 20 homes has begun, and 2 large wells were also refurbished.

#### Liberia and Sierra Leone

Despite the difficulties and inherent risks, Muslim Hands responded to the Ebola Crisis in Liberia and Sierra Leone. In Liberian capital of Monrovia and in and Sierra Leone's Freetown, our highly experienced team provided over 500 quarantined people with essential food and household items. Muslim Hands also raised awareness of Ebola through hygiene workshops and beneficiaries were given hygiene and sanitation supplies.

#### Floods, various locations

Torrential rains resulted in flash flooding across some of the world's poorest areas. Muslim Hands teams worked tirelessly to reach the most affected families bringing vital supplies of food, clothing and other essential items. Aid was delivered in Albania, Afghanistan, Bangladesh, Malaysia and Pakistan.

#### Pakistan

In Pakistan, Muslim Hands was one of the very few aid organisations given access to the IDP's in the Frontier Region, and our teams were able to assist over 200 families in Bannu, Karak, Laki Marwat and Dera Ismail Khan. Besides providing them with food parcels and basic hygiene kits, Muslim Hands established a Basic Health Unit and ambulance service in the region.

#### Education

Worldwide, there are over 25,000 needy children at primary and secondary schools run by Muslim Hands. 'The Hallmarks of a Muslim Hands school' was first piloted early in Sri Lanka in 2013/14 and proved instrumental in improving not only the academic achievement of our students but also their health, general well-being and even school environment. In 2014 the scheme has been rolled out to Pakistan, Kashmir, and Indonesia – with remarkably positive results.

The building of a new floor at the Sri Lanka School of Excellence has been completed and the school will now be able to offer education from nursery level, all the way up to college level.

Similarly, the Educational Complex Sri Lanka has also seen a much needed expansion of 4 additional classrooms that have been built on land donated by the local community. Again, the orphan and needy children will now be able to study up till college level.

Muslim Hands Sudan School of Excellence celebrated its 11<sup>th</sup> year anniversary in grand style, by opening a new Boys Wing and achieving 100% success rate in state examinations for the 4th year running.

In Mali construction of the new 'School of Excellence' in Bamako has begun, and the primary school construction in Niger is near to completion. In Bangladesh the newly built Muslim Hands school in Ghazipur, Dhaka also opened its doors this year.

#### Water and Sanitation

For over 1 billion people, access to safe drinking water remains one of the largest challenges they face hence it is a key area of work for all Muslim Hands offices around the world. In the current financial year Muslim Hands provided access to safe water to over 32,000 families by installing water wells, hand-pumps and large community wells in Kashmir, Bangladesh, Afghanistan, Pakistan, Niger, Mali and The Gambia. Deep water wells have also been installed in Sudan and Palestine.

## MUSLIM HANDS

### Strategic Report for the year ended 31 December 2014 *(continued)*

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#### Review of achievements and performance for the year *(continued)*

##### Orphan Sponsorship

At the heart of the Muslim Hands education projects is orphan care, in that Muslim Hands schools aim to provide the needy and particularly the orphaned children with a high standard of education and training. Backed by individual donors, we have been successful in ensuring that the majority of the Muslim Hands orphans sponsored attend schools that are supported and/or run by Muslim Hands as to ensure a higher level of care can be ensured through better monitoring of educational progress, nutrition and health and general well-being. Muslim Hands currently sponsors and supports over 12,000 orphans worldwide. 2014 saw an increase not only in the number of orphans sponsored but also the number of care workers employed to oversee their welfare.

##### Campaigns

During the past year Muslim Hands launched a number of successful fundraising and awareness campaigns for Syria, Gaza, Somalia and a variety of other crisis including floods in Asia. More than ever before, our awareness and fundraising efforts rely on the dedicated and passionate efforts of our volunteers. 2014 saw a marked increase in the number of new volunteers who chose to register with Muslim Hands and a large increase in the number of activities they undertook to raise funds. Two groups of volunteers took part in Mount Kilimanjaro Challenge and Great Wall of China Trek, which raised funds for the 'Children of Sub-Saharan Africa' and 'Children of War' campaigns respectively. Here at home, volunteers organised an array of innovative activities such as climbing the O2 Arena and less demanding activities such as walks and charity dinners. Events such as these were particularly challenging during the 30 days of Ramadan, as many of our volunteers were fasting whilst attempting challenges in the summer heat.

## **MUSLIM HANDS**

### **Trustees' Report for the year ended 31 December 2014**

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The Trustees present their report together with the audited financial statements for the year ended 31 December 2014.

All Trustees are directors of the company. The Trustees who served during the year are set out on the contents page.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### ***Governing document:***

Muslim Hands is a charitable company, and is also registered as a charity. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

##### ***Tax status:***

Muslim Hands is a registered charity, number 05080486, and is exempt from corporation tax and income tax.

##### ***Organisational management:***

The day to day running of the Charity is delegated to the Leadership Team under the direction of the Chair.

##### ***Trustee induction and training***

New Trustees undergo a comprehensive induction to brief them on their legal obligations under charity law, the content of the Memorandum and Articles of Association, the structure and governance of the charity as well as all policies and procedures. They are also provided with relevant information from the Charity Commission on a regular basis

#### **Aims, objectives and activities**

##### **Charitable objects**

Muslim Hands' objectives are:

- Relief of Poverty and sickness anywhere in the world, and in particular amongst those affected by natural disasters or by wars and other conflicts, by the provision of financial or other assistance including medicines, hospitals, shelter and food;
- To advance education amongst those in need anywhere in the world, with particular regard to orphans; and
- The advancement of Islamic faith through education and the promotion of interreligious harmony through dialogue and cooperation with other faiths and traditions.

The above objectives are enshrined in our mission statement:

"To be at the forefront in delivering relief from poverty, sickness and the provision of education worldwide. To provide an ethical service for the collection and distribution of funds in an effective, efficient, transparent and wholly accountable manner"

## MUSLIM HANDS

### Trustees' Report for the year ended 31 December 2014

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#### Aims and intended impacts

Our aim and objectives are a reflection of our beliefs:

- At Muslim Hands, we believe that everyone, irrespective of race, colour or faith has the fundamental right to a life of dignity, free of poverty and oppression.
- At Muslim Hands, we believe that poverty can and must be eradicated, as it exists primarily due to the unjust distribution of resources.
- At Muslim Hands, we believe that by working directly with poor communities we can bring about positive changes from within those communities.
- At Muslim Hands, we believe that literacy, education and job-skills training are fundamental to the development of needy communities and are the most effective tool for empowering the poor to break out of poverty.
- At Muslim Hands, we believe that it is our duty to assist impoverished people in times of crisis such as war or natural disaster.

#### **Public benefit statement**

The section of this report above entitled 'Aims, objectives and activities' sets out the aims and priorities of the Charity.

The Trustees have considered this matter, in conjunction with the guidance contained in the Charity Commission's general guidance on public benefit, and have concluded:

- That the aims of the Charity continue to be charitable;
- That the aims and work done give identifiable benefits to the charitable sector both directly and indirectly to individuals in need;
- That the benefits are for the public, are not unreasonably restricted in any way and certainly not by ability to pay; and
- That there is no detriment or harm arising from the aims or activities.

#### **Financial review**

##### **Income and expenditure**

This year, Muslim Hands raised £14.8m in the UK – with over three quarters received from Muslim Hands supporters who donated the generous sum of £12.8m with the balance of £ 2.0m coming from Gift Aid. The total income received in 2014 was up from the record level of income raised in the previous year (£14.2m) despite the fact there were no new high profile emergency appeals launched during the financial year, demonstrating actual growth in Muslim Hands donor base. Muslim Hands spend on costs of generating funds and governance costs were maintained at 10% by Muslim Hands.

	2012	2013	2014
	£m	£m	£m
<b>Donations from Supporters</b>	9.4	10.9	9.3
<b>Donations for Emergencies</b>	2.0	1.4	3.4
<b>Gift Aid</b>	1.8	1.9	2.1
<b>Total Income</b>	13.2	14.2	14.8

## MUSLIM HANDS

### Trustees' Report for the year ended 31 December 2014 (continued)

During the year Muslim Hands spent over £14.7m – approximately 97% of the amount raised in the year. Muslim Hands were able to do this by utilising our reserves. This helped Muslim Hands reach a larger number of beneficiaries particularly in areas affected by conflict or natural disasters. The funds used included appeal funds raised in prior years.

	2012	2013	2014
	£m	£m	£m
<b>Cost of generating funds</b>	1.7	1.5	1.4
<b>Charitable Activities</b>	9.9	10.1	13.3
<b>Where Most Needed</b>	2.8	3.0	3.7
<b>Orphans</b>	2.7	2.6	3.0
<b>Education</b>	0.3	0.3	0.4
<b>Health</b>	0.3	0.3	0.2
<b>Emergency aid</b>	0.9	0.8	2.3
<b>Safe water</b>	0.7	0.5	0.9
<b>Food</b>	1.0	0.8	1.2
<b>Support Costs and Staff</b>	1.2	1.8	1.6
<b>Total Resources Expended</b>	9.9	10.1	14.7

A summary of income and expenditure is shown on page 9 in the format required by the Charity Commission's Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" and these financial statements comply with this SORP, Muslim Hands' Governing document and all applicable laws.

#### Principal sources of funding

The principal source of funding for the Charity is from individual donors from within the UK who respond to appeals via mail, email, website or other forms of advertising through the radio or television.

#### Reserves

From its inception, Muslim Hands has raised funds for specific projects (restricted funds) and funds which are not specified for a particular project (unrestricted funds) which would be utilised where most needy and applied at the discretion of the trustees to further the charity's purposes. Over the past three years, Muslim Hands voluntary income has grown substantially. A significant proportion of this increase is restricted funds for specific projects the majority of which are short-term emergency aid responding to the basic needs (including food, water, clothing, shelter and basic education) of beneficiaries in areas blighted by conflict and areas that have suffered natural disasters. Whilst there has been an increase in restricted funding allowing Muslim Hands to respond to more beneficiaries than ever before, we have seen limited growth in the amount of unrestricted funds raised by the Charity. Muslim Hands depends on unrestricted funds to fund its long term developmental programmes particularly in regions which have not seen much media coverage in recent months and years which has led to increased demand on unrestricted funds. In light of this and the donor giving patterns of recent years, the Board has instigated a three-year plan to:-

1. increase Muslim Hands capacity to work in emergency zones;
2. Simultaneously consolidate the geographical and thematic spread of long term projects and projects offices;
3. Developing closer working relationships with grass root organisations at the field office level;
4. Diversifying the donor base

These measures will bring further efficiencies and increase our reach to beneficiaries will also be instrumental to the success of this plan.



## MUSLIM HANDS

### Trustees' Report for the year ended 31 December 2014 *(continued)*

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#### Financial Review *(continued)*

The Trustees feel that they would be able to continue the current activities of the Charity in the event of a significant drop in funding through the availability of reserves. It would obviously be necessary to consider how the funding would be replaced as activities changed. The Charity needs to be able to respond quickly to appeals for the relief of suffering in varied communities within the Muslim world. The Charity is presently achieving this aim and further aims to increase its unrestricted reserves position year on year.

The level of free reserves held at the balance sheet date reflects funds received during the three months prior to the yearend which were utilised early in the new year. In addition, the Charity receives significant donations during the period of Ramadan in the second half of the financial year. These donations are retained and utilised systematically to support necessary projects during the next twelve months.

#### Nature of funds

The Trustees confirm that, on a fund-by-fund basis, the assets are available and are adequate to fulfil the obligations of the Charity.

#### Grant making policy

During the period the Charity awarded grants totalling £11,183,720. The Charity's policy is to make gifts of this nature to individuals and organisations which further the objectives of the Charity and each request is reviewed by the Trustees on this basis.

#### Investment policy

Surplus funds are usually kept in a high interest reserve account to ensure the best return for the Charity.

#### Principal risks and uncertainties

The trustees have during the year considered the material risks facing the charity and have put in place mitigating controls to address those risks.

The continuing success of the charity is dependent on continuing to receive sufficient support and donations from the Muslim community. Trustees mitigate this risk by ensuring that income and expenditure are closely monitored and reviewed.

#### Plans for the future

Muslim Hands has continued to grow steadily since its inception, reaching in increasing number vulnerable and suffering community's year on year. To continue the mission of aiding more people and delivering more developmental projects, organisational growth is required. In the coming years our focus will be on raising more funds from institutions and developing stronger partnerships grass roots organisations for our project delivery.

Muslim Hands enjoys a good/high level of efficiency based on its IT systems and low staff to income ratio, and we hope to increase our efficiency by investing in improved staff training and developing better IT systems. Muslim Hands already has a large number of volunteers and we will endeavour to recruit more volunteers.

Alongside responding to natural disasters and providing aid in conflict zones, Muslim Hands will be increasing its capacities to deliver food security in Sub-Saharan Africa and access to drinking water. Both areas will require Muslim Hands to work more in partnership with other INGOs.

## MUSLIM HANDS

### Trustees' Report for the year ended 31 December 2014 *(continued)*

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#### Statement of Trustees' Responsibilities

The Trustees (who are also directors of Muslim Hands for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing those 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 responsible and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate 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, individually, are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

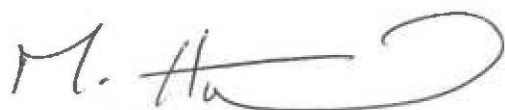
#### Accounts preparation

The Trustees confirm that the accounts comply with current statutory requirements and with those of the governing instrument.

#### Auditors

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the Trustees



Dr Musharaf Hussain  
Trustee

Date:

29/10/15

## MUSLIM HANDS

### Independent Auditor's Report to the Trustees of Muslim Hands

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We have audited the financial statements of Muslim Hands for the year ended 31 December 2014 on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

#### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 8, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### Opinion on financial statements

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 2014 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; and
- have been prepared in accordance with the Companies Act 2006.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the charitable company has not kept adequate accounting records, 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.

RSM UK Audit LLP

Philip Coleman (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

Suite A, 7<sup>th</sup> Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

Date: 30 October 2015

## MUSLIM HANDS

### Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 December 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>					
<b>Income from generated funds:</b>					
<i>Voluntary income</i>					
Donations and similar incoming resources		6,676,583	7,997,880	14,674,463	14,167,500
Investment income		52,080	-	52,080	45,004
<b>Total incoming resources</b>		<b>6,728,663</b>	<b>7,997,880</b>	<b>14,762,543</b>	<b>14,212,504</b>
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Fundraising costs of donations	2	1,422,763	-	1,422,763	1,490,714
<b>Costs of charitable activities:</b>					
Grants payable and operational programmes	3	3,378,216	9,879,282	13,257,498	10,146,026
<b>Governance costs</b>	4	<b>27,699</b>	<b>-</b>	<b>27,699</b>	<b>26,445</b>
<b>Total resources expended</b>		<b>4,828,678</b>	<b>9,879,282</b>	<b>14,707,960</b>	<b>11,663,185</b>
<b>Net incoming/ (outgoing) resources before transfers</b>					
		1,899,985	(1,881,402)	18,583	2,549,319
Gross transfers between funds	15	(1,466,037)	1,466,037	-	-
Gains on investments	11	11,934	-	11,934	32,595
<b>Net income/(expenditure) and net movement in funds for the year</b>		<b>445,882</b>	<b>(415,365)</b>	<b>30,517</b>	<b>2,581,914</b>
Total funds brought forward		963,706	8,869,044	9,832,750	7,250,836
<b>Total funds carried forward</b>		<b>1,409,588</b>	<b>8,453,679</b>	<b>9,863,267</b>	<b>9,832,750</b>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year, excluding unrealised deficits on the revaluation of investments and was £18,583 (2013: £2,549,319).

The notes on pages 13 to 23 form part of these financial statements.

## MUSLIM HANDS

Balance sheet at 31 December 2014

Company number: 05080486

	Note	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	10		1,510,856		1,563,713
Investments	11		-		76,260
			<u>1,510,856</u>		<u>1,639,973</u>
<b>Current assets</b>					
Debtors	12	1,878,473		1,797,581	
Cash at bank and in hand		6,879,439		6,836,074	
		<u>8,757,912</u>		<u>8,633,655</u>	
<b>Creditors: amounts falling due within one year</b>	13	(136,849)		(143,903)	
<b>Net current assets</b>			<u>8,621,063</u>		<u>8,489,752</u>
<b>Total assets less current liabilities</b>			<u>10,131,919</u>		<u>10,129,725</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(268,652)		(296,975)
<b>Net assets</b>			<u>9,863,267</u>		<u>9,832,750</u>
<b>Funds</b>					
Unrestricted funds	16		1,409,588		963,706
Restricted funds	15		8,453,679		8,869,044
			<u>9,863,267</u>		<u>9,832,750</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 27/12/15 and signed on its behalf by

Dr Musharaf Hussain  
Trustee



The notes on pages 13 to 23 form part of these financial statements.

**MUSLIM HANDS****Cash flow statement for the year ended 31 December 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Net cash inflow from operating activities</b> (see below)		12,837	2,461,109
<b>Capital expenditure and financial investment:</b>			
Payments to acquire tangible fixed assets (and net cash outflow from investing activities)		(30,202)	(130,357)
Receipt from sale of investment		88,194	-
<b>Financing activities</b>			
Repayment of bank loan (and net cash outflow from financing activities) and net cash outflow from financing activities		(27,464)	(27,369)
<b>Increase in cash during the year</b>	17	<u>43,365</u>	<u>2,303,383</u>
 <b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>			
		<b>2014 £</b>	<b>2013 £</b>
<b>Net incoming resources:</b>			
Unrestricted		1,899,985	540,051
Restricted		(1,881,402)	2,009,268
		<u>18,583</u>	<u>2,549,319</u>
Depreciation		83,059	107,095
Increase in debtors		(80,892)	(202,917)
Decrease in creditors		(7,913)	7,612
<b>Net cash inflow from operating activities</b>		<u>12,837</u>	<u>2,461,109</u>

The notes on pages 13 to 23 form part of these financial statements.

## MUSLIM HANDS

### Notes forming part of the financial statements for the year ended 31 December 2014

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#### 1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP) issued in March 2005 and the Charities Act 2011. The following principal accounting policies have been applied:

##### **a) Incoming resources**

Income includes the total funds received during the period and comprises donations collected directly or by volunteers and income from fundraising events. Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Income tax reclaimable under the Gift Aid Scheme is recognised on an accruals basis.

Donors are given the option to restrict their donation when it is made. Any Gift Aid claimed on restricted donations is classed as unrestricted income.

Investments donated to the Charity in the form of gifts in kind are included in "donations and similar incoming resources" in the year of the gift at the market value of the investments at the date of the donation.

Income from other gifts in kind is recognised when the gifts are sold.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable.

##### **b) Resources expended and basis of allocation**

Expenditure is included when incurred and has been shown in the Statement of Financial Activities inclusive of non-recoverable Value Added Tax.

Expenditure on operational programmes is recognised in the period in which it is incurred. Specific funds are established for expenditure which has been allocated to projects, but remains unspent at the year end.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the Charity. Staff costs are allocated between functions performed by employees in proportion to the time spent performing the tasks.

##### **c) Fundraising costs**

These include the salaries and direct expenditure costs of the Charity's staff who promote fundraising.

##### **d) Costs of management and administration of the Charity**

These represent costs incurred by finance, human resources and support departments attributable to the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

##### **e) Foreign currencies**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Any currency on hand at the balance sheet date is converted at the year-end rate.

## MUSLIM HANDS

### Notes forming part of the financial statements for the year ended 31 December 2014 *(Continued)*

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#### 1. Accounting policies *(continued)*

##### **f) Capitalisation and depreciation of tangible fixed assets**

All tangible fixed assets with an original cost of more than £500 are capitalised.

Depreciation has been provided to write off the cost of tangible fixed assets over their expected useful lives as follows:

Freehold property	-	2% straight line
Computer and office equipment	-	25% straight line
Fixtures and fittings	-	15% reducing balance

Freehold land and assets in the course of construction are not depreciated.

Vehicles and equipment for use in overseas operational programmes are not capitalised but charged in full to 'resources expended' when purchased. This is because the expected useful life is significantly reduced in such programmes and is generally less than one year for the majority of these assets.

##### **g) Capitalisation and amortisation of intangible fixed assets**

Intangible assets are capitalised at cost and amortised over their estimated useful economic life.

##### **h) Investments**

Investments in listed securities are included at market value at the balance sheet date.

Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities as appropriate.

##### **i) Operating leases**

Rentals applicable to operating leases where substantially all the benefits and risk of ownership remain with the lessor are charged to the Statement of Financial Activities as they become payable.

##### **j) Pensions**

Contributions to the charity's defined contribution pension scheme are charged in the Statement of Financial Activities in the year in which they become payable.

##### **k) Fund accounting**

Funds held by the charity are:

*Unrestricted funds* - These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

*Restricted funds* - These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

##### **l) Going concern**

The financial statements have been prepared on the going concern basis. The board has instigated a 3 year plan and is looking to ensure it has the appropriate measures in place to be able to quickly react to any changes in its funding levels.



## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 2. Fundraising

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Publications, advertising and postage	902,555	-	902,555	850,982
Wages and salaries	243,982	-	243,982	316,268
Support costs (note 5)	276,226	-	276,226	323,464
	<u>1,422,763</u>	<u>-</u>	<u>1,422,763</u>	<u>1,490,714</u>

### 3. Grants payable and operational programmes

(a) Expenditure can be summarised as:

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
General	1,815,718	1,423,603	3,239,321	3,008,149
Orphans	-	3,057,874	3,057,874	2,591,613
Education	-	273,084	273,084	309,303
Health	-	135,034	135,034	224,855
Emergency aid	-	2,195,994	2,195,994	842,456
Shelter	-	9,575	9,575	3,645
Safe Water	-	910,963	910,963	503,794
Food	-	1,215,353	1,215,353	811,074
Masjid	-	168,353	168,353	59,705
Qurbami	-	(22,155)	(22,155)	-
Grants payable	<u>1,815,718</u>	<u>9,368,002</u>	<u>11,183,720</u>	<u>8,354,594</u>
Wages and salaries	476,553	511,280	987,833	617,745
Support costs (note 5)	1,085,945	-	1,085,945	1,173,687
Total	<u>3,378,216</u>	<u>9,879,282</u>	<u>13,257,498</u>	<u>10,146,026</u>

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 3. Grants payable and operational programmes (continued)

(b) Summary of grants payable.

The Charity has supported the work of organisations in different countries as follows:

	Number of Gifts	Total grants payable £
Muslim Hands – Pakistan	11	2,725,138
Muslim Hands – Palestine	15	1,893,026
Muslim Hands – Sudan	6	780,437
Muslim Hands – Bangladesh	6	453,791
Muslim Hands – Niger	7	339,690
Muslim Hands – Afghanistan	5	547,261
Muslim Hands – Gambia	5	257,012
Muslim Hands – Iraq	5	312,637
Muslim Hands – Sri Lanka	5	272,419
Muslim Hands – Lebanon	7	485,039
Muslim Hands – Indonesia	6	202,213
Muslim Hands – Somalia	5	427,636
Muslim Hands – Mali	6	277,083
Muslim Hands – Malawi	3	160,565
Muslim Hands – Syria	8	460,054
Muslim Hands – Philippines	1	88,981
Muslim Hands - Senegal	5	129,191
		<u>9,812,173</u>
Other grants less than £50,000 in the year		<u>1,371,547</u>
		<u>11,183,720</u>

A full list of individual grants and the projects that are funded is available from our principal office.

All of the “Muslim Hands” overseas charity operations are controlled at a local level and have not been consolidated into these financial statements. In a number of cases, one or more UK Trustees sit on the local boards but the overseas operations have local registration.

During the year the Charity contributed £nil (2013: £nil) towards the office expenditure of Muslim Hands France, a separate charity registered in that country.

### 4. Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Audit and accountancy	17,720	-	17,720	11,680
Trustees' expenses	3,259	-	3,259	4,198
Support costs (note 5)	6,720	-	6,720	10,567
	<u>27,699</u>	<u>-</u>	<u>27,699</u>	<u>26,445</u>

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 5. Support costs

Support costs consist of:

	<b>Fundraising costs £</b>	<b>Grants payable £</b>	<b>Governance £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
Staff costs	98,777	207,434	4,939	311,150	403,337
Premises costs	26,188	148,398	-	174,586	245,722
Office costs	115,645	655,320	-	770,965	662,701
Professional fees	35,616	74,793	1,781	112,190	135,556
Other support costs	-	-	-	-	60,402
	<u>276,226</u>	<u>1,085,945</u>	<u>6,720</u>	<u>1,368,891</u>	<u>1,507,718</u>

Costs allocation includes an element of judgement and the Charity has had to consider the cost benefit of detailed calculations and record keeping. All categories have been allocated on a basis consistent with the use of resources.

### 6. Net incoming resources

	<b>2014 £</b>	<b>2013 £</b>
This is stated after charging:		
Auditor's remuneration - audit	14,000	8,450
- other	3,720	3,610
Depreciation of tangible fixed assets	83,059	107,095
	<u>100,779</u>	<u>119,155</u>

### 7. Employees and staff costs

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	1,093,009	935,872
Social Security costs	428,939	381,607
Pension costs	21,016	19,871
	<u>1,542,964</u>	<u>1,337,350</u>

The average number of employees, analysed by function was:

	<b>2014 Number</b>	<b>2013 Number</b>
Direct charitable operations	24	22
Fundraising and publicity	20	13
Management and administration of the Charity	19	16
	<u>63</u>	<u>51</u>

The Charity operates a defined contribution pension scheme. £21,016 (2013: £19,871) has been charged in the Statement of Financial Activities during the year in relation to this pension scheme.

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 7. Employees and staff costs (continued)

There are no employees with emoluments above £60,000. During the period Syed Lakhte Hassanain, a Trustee of the Charity, was paid £51,237 (2013: £48,945) for his services to the charity as an employee.

At the year end the Charity was owed £5,914 (2013: £7,413) by Syed Lakhte Hassanain.

During the year £20,579 (2013: £4,198) of expenses for reimbursement of travel and subsistence in connection with the Charity's business were paid to Trustees.

### 8. Taxation

No corporation tax has been provided in the financial statements as Muslim Hands is a registered charity and is within the exemption granted by Section 505 of the Income and Corporation Taxes Act 1988.

### 9. Intangible fixed assets

	Donor Mailing List £
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	64,567
<b>Amortisation</b>	
At 1 January 2014 and 31 December 2014	64,567
<b>Net book value</b>	
At 31 December 2014 and 31 December 2013	-

### 10. Tangible fixed assets

	Freehold land & buildings £	Computer & office equipment £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2014	1,406,442	386,941	260,628	2,054,011
Additions	9,115	12,571	8,516	30,202
At 31 December 2014	1,415,557	399,512	269,144	2,084,213
<b>Accumulated depreciation</b>				
At 1 January 2014	108,342	301,544	80,412	490,298
Charge for the year	13,382	42,810	26,867	83,059
At 31 December 2014	121,724	344,354	107,279	573,357
<b>Net book values</b>				
At 31 December 2014	1,293,833	55,158	161,865	1,510,856
At 31 December 2013	1,298,100	85,397	180,216	1,563,713

Included in the net book value of freehold land and buildings of £1,293,833 is £nil relating to non-depreciated land.

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

### 11. Fixed asset investments

#### Investments in listed UK securities

<i>Market value:</i>	£
At 1 January 2014	76,260
Disposal	(76,260)
	<hr/>
At 31 December 2014	-
	<hr/> <hr/>
(i) All investments are in UK equities.	£
	<hr/>
(ii) Historical cost as at 31 December 2013	471,405
	<hr/> <hr/>

### 12. Debtors

	2014	2013
	£	£
Other debtors	1,857,064	1,762,982
Prepayments and accrued income	21,409	34,599
	<hr/>	<hr/>
	1,878,473	1,797,581
	<hr/> <hr/>	<hr/> <hr/>

### 13. Creditors: amounts falling due within one year

Bank loan	29,115	28,256
Trade creditors	78,049	80,041
Accruals and deferred income	19,195	35,606
Other creditors	10,490	-
	<hr/>	<hr/>
	136,849	143,903
	<hr/> <hr/>	<hr/> <hr/>

The following liabilities disclosed under amounts due within one year are secured by the company:

Bank loan	29,115	28,256
	<hr/> <hr/>	<hr/> <hr/>

The bank loan is secured by a legal charge over the freehold property to which it relates.

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

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### 14. Creditors amounts falling due after more than one year

	2014	2013
	£	£
Bank loan	268,652	296,975

The bank loan is repayable as follows:

Within one year	29,115	28,256
Between one and two years	30,001	29,115
Between two and five years	95,589	92,767
After five years	143,062	175,093
	<u>297,767</u>	<u>325,231</u>

The bank loan is secured by a legal charge over the freehold property to which it relates. The loan is repayable in monthly instalments and bears interest at 2.5% over base rate.

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 15. Restricted funds

	Balance at 1 January 2014	Incoming funds £	Outgoing funds £	Transfers £	Balance at 31 December 2014 £
Afghanistan	-	116,651	(237,026)	120,544	169
Africa	843,509	35,600	(187,297)	116,761	808,573
Albania	-	17,657	(53,443)	35,786	-
Algeria	-	30	-	-	30
Azerbaijan	-	32,075	(41,437)	9,362	-
Bangladesh	-	149,453	(354,413)	207,597	2,637
Burma	903,082	10,519	(122,521)	80,161	871,241
Central African Republic	-	53,910	-	-	53,910
Chechnya	54,132	87	-	-	54,219
China	-	53,230	(98,213)	45,009	26
Ethiopia	-	31,608	(42,281)	10,896	223
Gambia	-	81,242	(138,784)	58,097	555
Haiti	66,912	1,468	(43,027)	35,960	61,313
India	-	40,992	(42,295)	9,529	8,226
Indonesia	38,967	43,738	(141,502)	93,592	34,795
Iran	142,891	-	-	(29,130)	113,761
Iraq	-	139,064	(213,065)	88,490	14,489
Japan	21,654	-	-	-	21,654
Kashmir – India	-	52,479	(96,270)	48,679	4,888
Kashmir - Pakistan	117,184	243,068	(262,577)	43,310	140,985
Kenya	-	22,629	(44,898)	26,750	4,481
Kosova	-	14,381	(22,390)	8,028	19
Lebanon	85,276	132,072	(260,009)	110,867	68,206
Libya	15,737	28	-	-	15,765
Macedonia	-	13,333	(15,472)	2,139	-
Majorca	-	4,500	(5,700)	1,200	-
Malawi	47,730	85,910	(139,442)	34,344	28,542
Mali	-	48,377	(144,113)	95,736	-
Mauritania	4,807	39,257	(58,913)	16,777	1,928
Mexico	-	268	(2,521)	2,264	11
Middle East	40,298	-	(77,795)	77,795	40,298
Nepal	-	805	(19,240)	18,435	-
Niger	-	54,221	(164,109)	109,888	-
Pakistan	-	1,041,825	(1,602,995)	599,991	38,821
Palestine	1,620,212	2,341,927	(1,673,777)	111,868	2,400,230
Philippines	134,439	8,215	(151,093)	142,893	134,454
Rwanda	-	17,268	(17,640)	380	8
Senegal	-	43,849	(78,107)	34,258	-
Sierra Leone	13,617	4,054	(9,228)	4,440	12,883
Somalia	37,119	64,549	(188,648)	124,399	37,419
South East Asia	13,691	-	-	-	13,691
Sri Lanka	-	52,785	(135,773)	82,988	-
Subcontinent	36,591	-	-	-	36,591
Sudan	-	263,423	(331,680)	90,090	21,833
Syria	1,035,361	696,261	(886,641)	89,202	934,183
United Kingdom	-	3,915	(259,561)	255,646	-
Other country specific restricted funds (<£10,000)	19,689	27,329	(91,543)	58,151	13,626
Non country specific restricted funds	3,576,146	1,913,828	(1,423,843)	(1,607,135)	2,458,996
	<u>8,869,044</u>	<u>7,997,880</u>	<u>(9,879,282)</u>	<u>1,466,037</u>	<u>8,453,679</u>

## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 15. Restricted funds (continued)

All restricted funds are for specific humanitarian or education projects usually in particular areas of the world. These projects include development programmes to provide long-term sustainable benefits for a community, including health and nutrition, water supply and sanitation projects, agricultural projects and educational projects. The charity also holds certain restricted funds raised through appeal for emergency relief provision in times of crisis which are not restricted to a particular area of the world.

### 16. Unrestricted funds

	General funds £
At 31 December 2013	963,706
Net incoming resources	1,899,985
Gains on investments	11,934
Transfer to restricted funds	(1,466,037)
	<hr/>
Balance at 31 December 2014	1,409,588
	<hr/> <hr/>

### 17. Analysis of changes in net funds

	At 1 January 2014 £	Cashflows £	Non-cash movement £	At 31 December 2014 £
Net cash:				
Cash at bank and in hand	6,836,074	43,365	-	6,879,439
	<hr/>	<hr/>	<hr/>	<hr/>
Debt:				
Debt due within 1 year	(28,256)	27,464	(28,323)	(29,115)
Debt due after 1 year	(296,975)	-	28,323	(268,652)
	<hr/>	<hr/>	<hr/>	<hr/>
	(325,231)	27,464	-	(297,767)
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	6,510,843	70,829	-	6,581,672
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase in cash	43,365	2,303,383
Cash outflow from bank loans	27,464	27,369
	<hr/>	<hr/>
Change in net funds	70,829	2,330,752
Net funds at 1 January	6,510,843	4,180,091
	<hr/>	<hr/>
Net funds at 31 December	6,581,672	6,510,843
	<hr/> <hr/>	<hr/> <hr/>



## MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

### 18. Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Long Term Liabilities £	Total £
Restricted funds	-	8,453,679	-	8,453,679
Unrestricted funds	<u>1,510,856</u>	<u>167,384</u>	<u>(268,652)</u>	<u>1,409,588</u>
	<u>1,510,856</u>	<u>8,621,063</u>	<u>(268,652)</u>	<u>9,863,267</u>

### 19. Related party transactions

The charity works in close co-operation with other Muslim Hands charities worldwide. These are independently registered charities which operate under their own registered charity number. The activities of these charities, which are autonomous, are not included in these accounts.

Muslim Hands UK shares some common trustees with Muslim Hands Pakistan and Muslim Hands France. Grants made to these charities during the year are disclosed in note 3 of these accounts.

There were purchases worth £2,575 made from the Karima Institute Limited, a company which shares two common trustees.

### 20. Ultimate controlling party

The trustees do not consider there to be an ultimate controlling party

