



Muslim Hands Annual & Financial Report 2013



Muslim Hands

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Annual report and financial statements for the year ended 31 December 2013

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Trustees and statutory directors

Dr Musharaf Hussain
Pir Mohammad Amin-ul Hasanat Shah
Syed Lakhte Hassanain
Sahibzada Ghulam Jillani
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

Baker Tilly UK Audit LLP, Statutory Auditor, Suite A, 7th Floor, Citygate 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

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Trustees' Report for the year ended 31 December 2013

Aims, objectives and activities

Charitable objects

Muslim Hands' objectives are:

- To be at the forefront in delivering relief from poverty and sickness anywhere in the world, especially in times of disaster and conflict.
- To fight illiteracy and poverty through the provision of education, job-skills training and income generation schemes.
- To provide an effective and efficient service to our donors and the beneficiaries of aid.

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"

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 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 and both indirectly and directly 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.

STRATEGIC REPORT

Review of achievements and performance for the year

The Trustees of Muslim Hands (MH) are pleased to state that the charity continued to grow in fulfilling its objectives. This year the emergency appeals and general efforts in fundraising, thanks to our donors, enhanced the organisations focus in assisting more needy individuals and families with food, water and medical assistance. Emergency work was carried out in Baluchistan-Pakistan, Sudan, Philippines and Syria.

The charity's ongoing commitment to long-term development and eradicating poverty was maintained by assisting the deprived with education and sustainable livelihood projects. Major focus this year was in improving the quality in education through capacity building of schools, improvement in the infrastructure and teacher training in Kashmir, Bangladesh, Niger and Mali. In addition, more resources were provided for adult training in vocational training centres in Kabul, Afghanistan. Construction of new schools in Pakistan, Bangladesh and Niger and also started this year.

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Trustees' Report for the year ended 31 December 2013 (*continued*)

Emergency Response

Building capacity and efficiency is important to MH. The opening of two new offices in East Africa, Nairobi and Mogadishu has helped to deliver work in the region with better reporting and accountability. Both of the offices have been successful in developing partnership with reputable institutions. MH East Africa teams continued to work on the ground in Somalia providing essential assistance to IDP's. The temporary school is flourishing in providing vital education to over 200 children. In addition aid is ongoing in the central areas like Galgadud, Puntland and Somaliland where qualified doctors are serving over 1500 patients each month. Safe water and livelihood programmes are helping to promote self-sufficiency amongst the communities.

As the crisis in Syria continues to deepen, the need to assist in short and long term is becoming a greater need. This year MH focused on delivering aid to the most vulnerable families inside Syria as well as continuing to support Syrian refugees in Lebanon and Turkey. Refugees and IDP's have been helped with food parcels, hygiene kits and living essentials. In Aleppo a bakery was refurbished and with the help of MH, recommenced producing bread to feed 7500 beneficiaries each week. The plan is to increase the production before the end of the year to benefit 15,000 persons per week.

Typhoon Haiyan wreaked havoc across much of central Philippines forcing more than four million people from their homes. Within days of this disaster, MHUK teams were on the ground in Northern Cebu and Leyte responding to the need. Within the first week, MH was able to provide 8000 emergency relief packs containing food and safe water. More than 800 families were assisted with hygiene kits to prevent outbreak of any disease.

Communities in Sindh, Pakistan already suffering from severe impoverishment experienced a severe drought in Tharparkar region. This was the worst drought suffered by the Tharparkar population in 10 years. Muslim Hands providing relief to thousands of families at the brink of starvation was a timely intervention. More than 200 families were provided food parcels comprising of high-calorie supplements, a basic healthcare medical camp, and safe water in villages like Kharo, Khato Jam and Soojani Bheel.

Mid-April this year an earthquake of magnitude 7.8 struck the Iran-Pakistan border region. This was the second major earthquake to be felt in the region in less than a week. The epicenter of the earthquake was reported to be south-east of the town of Khash, in Iran. The calamity had devastating effects, especially in the border regions of Pakistan and Iran. Death toll in Pakistan has been said to be 34 with around 150 injured. The most affected district in Pakistan is district Washuk (bordering district of Pakistan-Iran, 320 km southwest of Quetta) with over 1000 houses and other basic social infrastructure completely damaged. MH Pakistan responded with food, bedding and other essential items.

Torrential rains in Sudan caused 100 deaths and affected 35,000 homes whilst totally destroying 22,000 houses. Muslim Hands teams on the ground intervened by distributing food, water, plastic sheeting and mosquito nets in rural Khartoum, Khartoum East, Jabal Aoliya , Karari , and Khartoum North.

Education

This year the emphasis has again been to improve the quality of education in all our schools. School results in Sudan, Islamabad and Bangladesh are showing 100% pass rate for all our pupils. The trustees are confident that a balanced approach to education that includes teacher training, capacity building through training of support staff, IT, Libraries and extra-curricular activities are producing good results. This year Muslim Hands' expansion in education resulted in building two new schools in Lahore and Sahiwal in Pakistan. Another school in Jhawarian, Punjab also began its new academic year by shifting into a new building. In Bangladesh another School of Excellence was nearing its completion, in Ghazipur, Dhaka

The charity is delighted to share the news that the flag ship, Wazirabad Education Complex in Punjab, Pakistan is now providing education for High School Classes at College level for both boys and girls.

Sudan School of Excellence is now into its second year providing secondary school education for boys and girls respectively.

Niger Education Complex construction is on-going and the first phase has been completed this year enabling all classes at Primary level to start at the new sight in the new academic year in sha'Allah.

A temporary school has also been established in Idlib, Syria and is providing education to 600 pupils on two shifts; morning and afternoon. The school caters for boys and girls between the ages of 6-15 years of age.

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Trustees' Report for the year ended 31 December 2013 (*continued*)

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

Water and Sanitation

Unsafe water and associated diseases, every year, kill more people than violence and wars. Over a billion people do not have easy access to safe, clean drinking water. The most vulnerable groups, like young children, tend to suffer more through drinking contaminated water which results in diarrhea and dysentery. Children sick from drinking dirty water and falling ill will often stay home and miss-out on their schooling. Women often fetch contaminated water by walking long distances due to lack of water source nearby are often subjected to physical attacks. Therefore lack of safe water source in or near the villages is preventing the communities from developing socially or economically, thus ensuring the cycle of poverty continues.

In the current financial year Muslim Hands provided access to safe water for over 180,000 people by installing water wells, hand-pumps and large community wells in Nepal, Kashmir, Bangladesh, Niger, Pakistan and Afghanistan. Deep water wells have also been installed in Sudan and Palestine.

Orphan Sponsorship

Ensuring high standard of education for all the pupils is our priority especially the orphans and needy children studying at Muslim Hands schools. It is our strong belief that educating the future generations is the best way out of poverty. Muslim Hands currently sponsors and supports over 11,000 orphans worldwide and together, we are laying the foundations for a brighter future not only for the children, but entire communities. Along with a secure environment and quality education, we are providing and monitoring children's welfare too. The children have regular medical checks and treatment if needed and a nutritional lunch would ensure that a healthy body and healthy mind is developed for higher educational attainment, thus ensuring a better future.

In order to make sure quality education is delivered to each orphan; Muslim Hands education coordinators supervise and monitor schools on regular basis. Muslim Hands' own primary, secondary and now higher schools are creating a more suitable learning environment for these children.

Other Projects

The Special Programmes Department in UK is progressing well and managing and implementing work in several countries. There has been an increase in the demand for bespoke projects by many individuals and organisations. The Special Programmes team is overseeing the construction of schools in Bangladesh and Pakistan along with other projects like large water wells, livelihood and Shelter. We are also finding that projects established a few years ago are now in need of expansion due to growth. For example the school in Sudan has been expanded this year by building new classrooms. Numerous schemes that include cataract operations, malaria prevention, livestock assistance, tree plantation and livelihood activities were carried out globally.

Campaigns

Major fundraising campaigns this year were for Pakistan, Sudan, Philippines and Syria. During the past year MH launched a number of appeals to increase awareness and fundraising for various disasters and crises. We managed to respond to the emergency situations and other small scale floods and disasters. This year has seen another increase in the number of volunteers helping to raise funds in various cities throughout the country. A team of volunteers were once again taken to climb Kilimanjaro and trek the Great Wall of China to raise funds for children of sub-Sahara countries. Once again the Winter Appeal campaign this year attracted thousands of volunteers who participated in sponsored walks in various parks up and down the country. The funds raised would help needy communities in countries suffering from severe cold weather. Throughout the year and especially during the annual Ramadan 30 day period campaign MH sponsored hundreds of orphans and needy pupils. Qurbani (fresh meat distribution) and Iftar also enjoyed exceptional successes this year, reaching over 40 countries and feeding a record number of people with fresh meat and hot meals to break their fast with.

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Trustees' Report for the year ended 31 December 2013 (*continued*)

Financial review

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 policy

The Trustees have established a policy whereby, given the charity's present level and nature of activities, the unrestricted funds not committed or invested in intangible and tangible fixed assets ("the free reserves") held by the Charity should not be less than £400,000. At this level 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. 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.

The level of free reserves held at the balance sheet date reflects funds received during the Qurbani appeal shortly before the year end 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 £8,354,594. 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 will continue to focus on raising funds from institutions and developing strong partnerships with other charities. Adequate investment in staff recruitment, training and IT is one of the priorities. MH will also put greater emphasis on recruiting volunteers to create awareness of its projects and to increase fundraising ventures.

Past experience has shown that purpose built schools are creating a better learning environment resulting in higher achievement by pupils from poor backgrounds. Although raising funds for construction of new schools is a challenge, the organisation will pursue this worthwhile cause. In addition, more investment in teacher training will complement newly built schools and higher attainment amongst the pupils.

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Trustees' Report for the year ended 31 December 2013 (continued)

Plans for the future (continued)

MH will endeavour to provide safe water to needy communities around the globe. An astonishing figure of 1.1 billion people lack access to a safe, clean supply of water. Tube wells, shallow and deep wells as well as irrigation schemes will be the main focus of MH.

We also intend to continue with livelihood programmes across Africa, especially in countries like Niger and Mali, through cereal farming, enabling the farmers in upgrading farming techniques to boost their productivity. This will hopefully create food security and reduce poverty.

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

Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited) ceased trading on 31 March 2014. The Trustees, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the reappointment of Baker Tilly UK Audit LLP as auditor will be put to the members.

On behalf of the Trustees



SL Hassanain
Trustee
13/1/14

Independent Auditor's Report to the Trustees of Muslim Hands

We have audited the financial statements of Muslim Hands for the year ended 31 December 2013 on pages 9 to 22. 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 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, 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 2013 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.

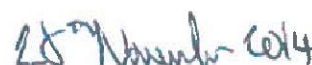
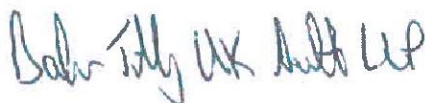
Opinion on other matter prescribed by the Companies Act 2006

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.



Philip Coleman (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

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Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 December 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Incoming resources					
Income from generated funds:					
<i>Voluntary income</i>					
Donations and similar incoming resources		4,303,329	9,864,171	14,167,500	13,199,256
Investment income		45,004	-	45,004	31,318
Total incoming resources		4,348,333	9,864,171	14,212,504	13,230,574
Resources expended					
Costs of generating funds:					
Fundraising costs of donations	2	1,490,714	-	1,490,714	1,676,836
Costs of charitable activities:					
Grants payable and operational programmes	3	2,291,123	7,854,903	10,146,026	9,987,158
Governance costs	4	26,445	-	26,445	30,670
Total resources expended		3,808,282	7,854,903	11,663,185	11,694,664
Net incoming resources before transfers		540,051	2,009,268	2,549,319	1,535,910
Gross transfers between funds	15	(1,332,934)	1,332,934	-	-
Gains on investments	11	32,595	-	32,595	35,055
Net Income/Net movement in funds for the year		(760,288)	3,342,202	2,581,914	1,570,965
Total funds brought forward		1,723,994	5,526,842	7,250,836	5,679,871
Total funds carried forward		963,706	8,869,044	9,832,750	7,250,836

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 £2,549,319 (2012: £1,535,910).

The notes on pages 12 to 22 form part of these financial statements.

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Balance sheet at 31 December 2013

Company number 05080486

	Note	2013		2012	
		£	£	£	£
Fixed assets					
Tangible fixed assets	10		1,563,713		1,540,451
Investments	11		76,260		43,665
			<u>1,639,973</u>		<u>1,584,116</u>
Current assets					
Debtors	12	1,797,581		1,594,664	
Cash at bank and in hand		6,836,074		4,532,691	
		<u>8,633,655</u>		<u>6,127,355</u>	
Creditors: amounts falling due within one year	13	(143,903)		(135,457)	
Net current assets			<u>8,489,752</u>		<u>5,991,898</u>
Total assets less current liabilities			<u>10,129,725</u>		<u>7,576,014</u>
Creditors: amounts falling due after more than one year	14		(296,975)		(325,178)
Net assets			<u>9,832,750</u>		<u>7,250,836</u>
Funds					
Unrestricted funds	16		963,706		1,723,994
Restricted funds	15		8,869,044		5,526,842
			<u>9,832,750</u>		<u>7,250,836</u>

Approved by the Board of Trustees on 13/11/14 and signed on its behalf by


S L Hassanain
Trustee


Dr M Hussain
Trustee

The notes on pages 12 to 22 form part of these financial statements

MUSLIM HANDS**Cash flow statement for the year ended 31 December 2013**

	Note	2013 £	2012 £
Net cash inflow from operating activities (see below)		2,461,109	490,617
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets (and net cash outflow from investing activities)		(130,357)	(450,815)
Financing activities			
Repayment of bank loan (and net cash outflow from financing activities) and net cash outflow from financing activities		(27,369)	(25,223)
Increase in cash during the year	17	<u>2,303,383</u>	<u>14,579</u>

Reconciliation of net incoming resources to net cash inflow from operating activities

	2013 £	2012 £
Net incoming resources:		
Unrestricted	540,051	892,726
Restricted	2,009,268	643,184
	<u>2,549,319</u>	<u>1,535,910</u>
Depreciation	107,095	99,226
Increase in debtors	(202,917)	(1,197,470)
Increase in creditors	7,612	52,951
Net cash inflow from operating activities	<u>2,461,109</u>	<u>490,617</u>

The notes on pages 12 to 22 form part of these financial statements.

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.

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.

Designated funds - These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

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

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Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

2. Fundraising

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Publications, advertising and postage	850,982	-	850,982	978,472
Wages and salaries	316,268	-	316,268	300,618
Support costs (note 5)	323,464	-	323,464	397,746
	<u>1,490,714</u>	<u>-</u>	<u>1,490,714</u>	<u>1,676,836</u>

3. Grants payable and operational programmes

(a) Expenditure can be summarised as:

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
General	499,691	2,508,458	3,008,149	2,755,226
Orphans	-	2,591,613	2,591,613	2,711,772
Education	-	309,303	309,303	305,515
Health	-	224,855	224,855	246,856
Emergency aid	-	842,456	842,456	884,817
Shelter	-	3,645	3,645	29,446
Safe Water	-	503,794	503,794	717,319
Food	-	811,074	811,074	1,000,353
Masjid	-	59,705	59,705	90,378
Grants payable	<u>499,691</u>	<u>7,854,903</u>	<u>8,354,594</u>	<u>8,741,682</u>
Wages and salaries	617,745	-	617,745	506,641
Support costs (note 5)	1,173,687	-	1,173,687	738,835
Total	<u>2,291,123</u>	<u>7,854,903</u>	<u>10,146,026</u>	<u>9,987,158</u>

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Notes forming part of the financial statements for the year ended 31 December 2013 (*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	9	2,202,398
Muslim Hands – Palestine	8	808,919
Muslim Hands – Sudan	7	631,745
Muslim Hands – Bangladesh	5	380,976
Muslim Hands – Niger	5	310,029
Muslim Hands – Afghanistan	5	447,703
Muslim Hands – Gambia	7	483,095
Muslim Hands – Iraq	3	201,356
Muslim Hands – Sri Lanka	5	211,846
Muslim Hands – Lebanon	3	205,039
Muslim Hands – Indonesia	1	35,671
Muslim Hands – Somalia	6	272,341
		6,191,118
Other grants less than £50,000 in the year	146	2,163,476
		8,354,594

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 (2012: £100,000) towards the office expenditure of Muslim Hands France, a separate charity registered in that country.

4. Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Audit and accountancy	11,680	-	11,680	11,680
Trustees' expenses	4,198	-	4,198	3,134
Support costs (note 5)	10,567	-	10,567	15,856
	26,445	-	26,445	30,670

MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

5. Support costs

Support costs consist of:

	Fundraising costs £	Grants payable £	Governance £	Total 2013 £	Total 2012 £
Staff costs	94,903	300,525	7,909	403,337	410,200
Premises costs	36,858	208,864	-	245,722	89,180
Office costs	99,405	563,296	-	662,701	587,572
Professional fees	31,895	101,003	2,658	135,556	65,485
Other support costs	60,402	-	-	60,402	-
	<u>323,463</u>	<u>1,173,688</u>	<u>10,567</u>	<u>1,507,718</u>	<u>1,152,437</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

	2013 £	2012 £
This is stated after charging:		
Auditor's remuneration - audit	8,450	8,180
- other	3,610	3,500
Depreciation of tangible fixed assets	<u>107,095</u>	<u>99,226</u>

7. Employees and staff costs

	2013 £	2012 £
Wages and salaries	935,872	1,081,023
Social Security costs	381,607	107,497
Pension costs	19,871	11,612
	<u>1,337,350</u>	<u>1,200,132</u>

The average number of employees, analysed by function was:

	2013 Number	2012 Number
Direct charitable operations	22	18
Fundraising and publicity	13	11
Management and administration of the Charity	16	13
	<u>51</u>	<u>42</u>

The Charity operates a defined contribution pension scheme. £19,871 (2012: £11,612) 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 2013 (*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 £48,945 (2012: £50,089) for his services to the charity as an employee.

At the year end the Charity was owed £7,413 (2012: £8,914) by Syed Lakhte Hassanain.

During the year £4,198 (2012: £3,134) 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 £
Cost	
At 1 January 2013 and 31 December 2013	64,567
Amortisation	
At 1 January 2013 and 31 December 2013	64,567
Net book value	
At 31 December 2013 and 31 December 2012	-

10. Tangible fixed assets

	Freehold land & buildings £	Assets in course of construction £	Computer & office equipment £	Fixtures & fittings £	Total £
Cost					
At 1 January 2013	386,328	1,118,753	353,680	64,893	1,923,654
Additions	22,101	-	33,261	74,995	130,357
Transfers	998,013	(1,118,753)	-	120,740	-
At 31 December 2013	1,406,442	-	386,941	260,628	2,054,011
Accumulated depreciation					
At 1 January 2013	91,817	-	241,358	50,028	383,203
Charge for the year	16,525	-	60,186	30,384	107,095
At 31 December 2013	108,342	-	301,544	80,412	490,298
Net book values					
At 31 December 2013	1,298,100	-	85,397	180,216	1,563,713
At 31 December 2012	294,511	1,118,753	112,322	14,865	1,540,451

Included in the net book value of freehold land and buildings of £1,298,100 is £nil relating to non-depreciated land.

MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

11. Fixed asset investments

Investments in listed UK securities

<i>Market value:</i>	£
At 1 January 2013	43,665
Increase in market value	32,595
	<u>76,260</u>
At 31 December 2013	<u>76,260</u>

(i) All investments are in UK equities.

(ii) Historical cost as at 31 December 2013 and 2012

£
<u>471,705</u>

(iii) Investments in individual entities at 31 December 2013 which are over 5% of portfolio by value are:

Frenkel Topping Group plc	£
	<u>76,260</u>

12. Debtors

	2013	2012
	£	£
Other debtors	1,762,982	1,588,901
Prepayments and accrued income	34,599	5,763
	<u>1,797,581</u>	<u>1,594,664</u>

13. Creditors: amounts falling due within one year

Bank loan	28,256	27,422
Trade creditors	80,041	71,028
Accruals and deferred income	35,606	37,009
	<u>143,903</u>	<u>135,457</u>

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

Bank loan	28,256	27,422
	<u>28,256</u>	<u>27,422</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 2013 (*Continued*)

14. Creditors amounts falling due after more than one year

	2013 £	2012 £
Bank loan	296,975	325,178
	<u> </u>	<u> </u>

The bank loan is repayable as follows:

Within one year	28,256	27,422
Between one and two years	29,115	28,256
Between two and five years	92,767	90,029
After five years	175,093	206,893
	<u>325,231</u>	<u>352,600</u>

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Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

15. Restricted funds

	Balance at 1 January 2013	Incoming funds £	Outgoing funds £	Transfers £	Balance at 31 December 2013 £
Afghanistan	-	164,569	(329,307)	164,738	-
Africa	867,144	64,983	(88,618)	-	843,509
Albania	-	20,396	(33,814)	13,418	-
Azerbaijan	-	47,365	(52,737)	5,372	-
Bangladesh	-	199,641	(349,324)	149,683	-
Burma	881,417	95,907	(74,242)	-	903,082
Chechnya	53,512	620	-	-	54,132
China	-	78,056	(117,053)	38,997	-
Ethiopia	-	45,573	(54,295)	8,722	-
Gambia	-	75,421	(215,998)	140,577	-
Haiti	133,921	1,599	(68,608)	-	66,912
India	-	40,767	(53,064)	12,297	-
Indonesia	-	58,851	(19,884)	-	38,967
Iran	142,821	70	-	-	142,891
Iraq	9,118	143,593	(223,750)	71,039	-
Japan	21,654	-	-	-	21,654
Kashmir – India	-	63,073	(145,018)	81,945	-
Kashmir - Pakistan	12,481	344,151	(239,448)	-	117,184
Kenya	-	30,604	(71,654)	41,050	-
Kosovo	-	23,368	(29,581)	6,213	-
Lebanon	-	188,065	(102,789)	-	85,276
Libya	16,144	73	(480)	-	15,737
Macedonia	-	18,287	(21,864)	3,577	-
Majorca	-	13,500	(24,000)	10,500	-
Malaysia	-	-	-	-	-
Malawi	23,865	144,314	(142,439)	21,990	47,730
Mali	-	92,009	(207,251)	115,242	-
Mauritania	1,032	89,110	(85,335)	-	4,807
Mexico	-	570	(24,520)	23,950	-
Middle East	40,268	30	-	-	40,298
Nepal	-	12,940	(69,218)	56,278	-
Niger	-	97,417	(252,018)	154,601	-
Pakistan	-	1,459,222	(1,922,769)	463,547	-
Palestine	377,989	2,130,852	(888,629)	-	1,620,212
Philippines	-	154,439	(20,000)	-	134,439
Rwanda	-	12,315	(22,865)	10,550	-
Senegal	-	56,956	(57,262)	306	-
Sierra Leone	-	30,526	(16,909)	-	13,617
Somalia	208,091	55,447	(226,419)	-	37,119
South East Asia	13,091	600	-	-	13,691
Sri Lanka	-	78,355	(188,116)	109,761	-
Subcontinent	36,414	177	-	-	36,591
Sudan	-	395,112	(514,425)	119,313	-
Syria	303,217	871,559	(139,415)	-	1,035,361
United Kingdom	-	220	(173,469)	173,249	-
Other country specific restricted funds (£10,000)	15,076	26,389	(78,170)	56,394	19,689
Non country specific restricted funds	2,369,587	2,437,080	(510,146)	(720,375)	3,576,146
	5,526,842	9,864,171	(7,854,903)	1,332,934	8,869,044

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.

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Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

16. Unrestricted funds

	General funds £
At 1 January 2013	1,723,994
Net incoming resources	540,051
Gains on investments	32,595
Transfer to restricted funds	(1,332,934)
Balance at 31 December 2013	963,706

17. Analysis of changes in net funds

	At 1 January 2013 £	Cashflows £	Non-cash movement £	At 31 December 2013 £
Net cash:				
Cash at bank and in hand	4,532,691	2,303,383	-	6,836,074
Debt:				
Debt due within 1 year	(27,422)	27,369	(28,203)	(28,256)
Debt due after 1 year	(325,178)	-	28,203	(296,975)
	(352,600)	27,369	-	(325,231)
Net funds	4,180,091	2,330,752	-	6,510,843

Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase in cash	2,303,383	14,579
Cash outflow from bank loans	27,369	25,223
Change in net funds	2,330,752	39,802
Net funds at 1 January	4,180,091	4,140,289
Net funds at 31 December	6,510,843	4,180,091

MUSLIM HANDS

Notes forming part of the financial statements for the year ended 31 December 2013 (Continued)

18. Analysis of net assets between funds

	Tangible fixed assets £	Fixed asset investments £	Net current assets £	Long Term Liabilities £	Total £
Restricted funds	303,032	76,260	8,489,752	-	8,869,044
Unrestricted funds	1,260,681	-	-	(296,975)	963,706
	<u>1,563,713</u>	<u>76,260</u>	<u>8,489,752</u>	<u>(296,975)</u>	<u>9,832,750</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.

20. Ultimate controlling party

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

