



236 5572

FRIDAY



A2FCZW7S

A38

23/08/2013

#372

COMPANIES HOUSE

Islamic Relief Worldwide

2012 Annual Report and Financial Statements

**England & Wales Charity
registration number: 328158**

**Scotland Charity registration
number: SC042020**

**Company registration number:
2365572**

Address of principal office
19 Rea Street South
Birmingham B5 6LB

**Name of trustees/directors who
served during the year and as of 31
December 2012**

Mr Ibrahim El-Zayat, Chair of
Trustees (appointed 8 September
2012)

Dr Mohammed El-Alfy, Vice Chair of
Trustees (appointed 8 September
2012)

Dr Mohamed Ashmawey, Chief
Executive Officer

Dr Mohamed Abu-El-Magd, Trustee
(appointed 3rd February 2012)

Dr Essam El-Haddad, Trustee (until
8th September 2012)

Mr Adnan Saif, Trustee (appointed
3rd February 2012)

Mr Tahir Salie, Trustee, Treasurer

Dr Abdul Wahab Noorwali, Trustee

Company Secretary
Mr Adnan Saif
(appointed 6 April 2013)

Mr Abdul Rehman Varachhia
(until 6 April 2013)

Mr Javed Akhtar, Finance and
Services Director (interim - appointed
1 February 2013)

Mr Haroun Atallah, Finance
and Services Director and
Communications Director (until 31
January 2013)

Mr Shakil Butt, Human Resources
and Organisational Development
Director

Mr Heshmat Khalifa, International
Fundraising Development Division
Director (until 31 July 2013)

Mr Jehangir Malik, UK Operations
Director

Mr Khalid Roy, Communications
Director (interim - appointed 1
February 2013)

Dr Hossam Said, International
Programmes Director (until 31 March
2013)

Mr Mehdi Ben Mrad, International
Programmes Director (interim -
appointed 15 April 2013)

Auditors
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers
Barclays Bank Plc
One Snow Hill
Snow Hill Queensway
Birmingham B3 2WN

HSBC
130 New Street
Birmingham B2 4JU

Natwest Plc
125 Colmore Row
Birmingham B3 2AS

Solicitors
Carters
Orangeville Office
211 Broadway
PO Box 440, Orangeville
Ontario, Canada

Bates Wells Braithwaite
2-6 Cannon Street
London EC4M 6YH

Squire Sanders and Dempsey
7 Devonshire Square
London EC2M 4YH

Contents

Message from the Chair and Chief Executive	06
Our Aims	07
Protecting Life and Dignity	08
Empowering Communities	10
Campaigning for Change	12
Strengthening the Islamic Relief partnership	14
Future Plans	16
Income and Expenditure	18
Financial Review	19
Support for our Programmes	21
Constitution and Organisational Structure	23
Our Key Partners	27
Independent Auditor's Report	28
Statement of Financial Activities	29
Balance Sheets	30
Cash flow	31
Notes to the Financial Statements	32

Message from the Chair and Chief Executive Officer

Assalaamu alaykum
Peace be upon you all

For over a quarter of a century Islamic Relief has been blessed to serve millions of people around the world recognising that those with wealth have a duty to those with less. But as the world's largest not-for-profit organisation that is inspired by Islamic principles, we feel more than ever the heavy responsibility to humanity and the world around us. In the global Islamic Relief family there is no time to rest, as much more can and must be done.

We have entered a pioneering phase for Islamic Relief as we push ahead in delivering our Global Strategy. We once counted success in terms of the money raised to fund life-saving projects, and the number of people we were able to help. Today our goal is clear – we must help people to lift themselves out of poverty forever so that they may become independent. In the same way that the Prophet Muhammad (peace be upon him) encouraged

"I swear in the name of God that it is better for a person to take his rope on his back - instead of asking somebody else to do it for him."

Prophet Muhammad (Peace Be Upon Him)

Protecting the dignity of humanity and providing cutting-edge development solutions to poverty and suffering is central to our work. We are also changing the way we work so that we use our resources more efficiently and building a new international structure which means we make our decisions closer to the beneficiaries that we serve – as demonstrated by our new regional headquarters in Nairobi.

As you will see in this report, our work during 2011-12 reached vulnerable communities in 29 countries and we launched four emergency appeals – for Myanmar, Gaza, Syria and Yemen.

Our swift response to the tremendous suffering in Syria saw us deliver vital aid to over one million people through 54 emergency projects – often deep inside the territory where it was needed most.

In East Africa we delivered schemes to provide sustainable access to water, sanitation, and healthcare. We continued to rebuild lives and reconstruct schools in Haiti, and in Pakistan we supported 122 villages in reclaiming their communities from the floodwaters. Donors also gave generously so we could support millions of people through our largest ever Ramadan campaign, as well as towards innovative community-led disaster risk reduction initiatives in Bangladesh.

Our field programmes reflect our passion for integrated sustainable development which supports vulnerable people to transform their lives and communities permanently. From Albania to Chechnya, Somalia to the West Bank, we provided education, training, resources and ethical finance schemes in order that people were able to unlock brighter futures.

Islamic Relief also continued to be a strong advocate for social change – by encouraging dialogue in the camps of Darfur, by making recommendations for the international humanitarian response to the crisis in Somalia, and helping to set the priorities for international aid in Mali.

As always, our passionate thanks go out to all Islamic Relief stakeholders – who together make all this work possible. Our donors and supporters have been vital in enabling Islamic Relief to get real help to the world's most vulnerable people. Together we have important work to do – with the grace of God Almighty let us make a real difference and help transform lives across the globe.

Mr Ibrahim F El-Zayat
Chair of the Board of Trustees

Dr Mohamed Ashmawey
CEO of Islamic Relief Worldwide

Our **aims**

Islamic Relief is an independent Non-Governmental Organisation (NGO), founded in the UK in 1984 by a group of young medical doctors and social activists.

Inspired by the Islamic faith and guided by our values, we envisage a caring world where communities are empowered, social obligations are fulfilled and people respond as one to the suffering of others.

Our mission is to mobilise resources, build partnerships and develop local capacity. We help communities to become more resilient to disasters, and provide vital aid when the worst happens. We promote sustainable livelihoods through integrated development and environmental custodianship. We also tackle the root causes of poverty, making sure the world's most vulnerable people have real influence.

We do this regardless of race, political affiliation, gender or belief, and without expecting anything in return.

Leading the way in Islamic humanitarianism, our strategy for 2011-15 includes

- › Understanding the threats to our world, and preparing people for them
- › Addressing the underlying causes of poverty through our programmes and policies
- › Developing a deeper faith-based framework for humanitarianism and development, that offers leadership and guidance on issues affecting the world

Our Values

Sincerity (Ikhlas)

Excellence (Ihsan)

Compassion (Rahma)

Social Justice (Adl)

Custodianship (Amana)

Protecting Life and Dignity

A vital lifeline across the globe

For more than a quarter of a century, Islamic Relief has been providing vital emergency relief. We are continuing this much-needed work, supporting vulnerable communities through disaster response, preparedness and risk reduction.

This year, instability and conflict in Syria escalated into an unprecedented crisis. An estimated 70,000 people were killed in 2012, millions displaced and around a quarter of the population were thought to be in need of humanitarian aid. We responded swiftly through our field offices in the region to deliver **54 relief projects** in Syria and neighbouring countries. Our work included providing essential medical supplies and **30 ambulances**, as well as shelter, food, clothing and other vital items.

We also managed UNHCR camps in Egypt, Iraq, Libya, Tunisia and Yemen – providing essential aid for displaced people.

As conflict erupted in Rakhine State, Myanmar, and tens of thousands fled their homes, we responded with vital aid. We provided over **6,100 food parcels** to vulnerable Muslim and Buddhist communities that were cut off by the fighting, and constructed essential facilities for displaced people being



My child was almost on the brink of death. By God's grace, she was admitted into the Therapeutic Feeding Centre. If Islamic Relief were not in our area, I couldn't say how my life would be."

Charifatou Sanoussi, 19, was one of over 4,130 people to access our programme for malnourished young children and their mothers in drought-stricken Niger.

hosted in Pwe Ra Gon and Ywa Thit villages. We also helped people living in the Syi Tha Mar Gyi camp in Sittwe – building shelters, tube wells, bathing facilities and latrines.

In Somalia and Kenya following our multi-million pound emergency relief response to the East Africa droughts, we delivered innovative integrated programmes which gave almost **160,000 people improved access to water and sanitation**.

Child mortality rates hit emergency levels in the urban slums of Afghanistan's capital city. We helped tackle this by building 58 tube wells in Kabul. Over **155,000 people use the wells** which have helped cut cases of diarrhoea and other water-borne diseases by 70 per cent.

"We used to drink water from unsafe wells as there was no other water source available," said Fazila, 50, a widow living with her six children in one of Kabul's poorest communities. "Now, praise God, with wells and hand pumps, we have access to safe drinking water."

Communities across Pakistan are still struggling to get back on their feet after the worst floods in living memory, which hit the country in 2010. Since then, we have continued to rebuild lives and communities with our unique holistic

91

emergency projects
carried out worldwide

programme. More than **121,500 people** have benefited from our work to help people regain their livelihoods, and we have rehabilitated 122 villages so far. In each village, we mobilised communities to design long-term solutions through community organisations. "Islamic Relief has united us," said Raiz, General Secretary of a community organisation in Sindh. "Now we know our rights and how to ask for the benefits that others have enjoyed. For the first time, we are living together in harmony, with dignity and as equals in society."

We also continued in our long-term efforts to help the people of Haiti get back on their feet following the devastating earthquake of 2010. This year, we concentrated on our school reconstruction and rehabilitation programme. The £5 million scheme will see five schools brought into use, providing safe and comfortable learning environments for almost **15,000 children**. The pre-school, primary and secondary schools are in the areas that were hardest hit by the disaster, and are being built to be earthquake-resistant and environmentally friendly – serving as a model for future construction in the country.

With our global presence and local knowledge, this year we once more provided effective and efficient distribution for Ramadan and Qurbani food parcels. Across 29 countries, over 2.8 million of the world's poorest people benefited from Qurbani meat at Eid al-Adha, and over 100,000 food parcels were distributed in our £3 million Ramadan programme – the largest ever.

122

villages rehabilitated
in flood-hit Pakistan

2.8

million

poor people in 29
countries benefited
from Qurbani meat

Empowering Communities

A future for vulnerable people

Islamic Relief is committed to tackling both the symptoms and the causes of poverty. We work closely with local communities through integrated sustainable development programmes that empower people to achieve positive and long-term change in their lives.

In 2012, we ran an innovative education programme for orphans in four cities across Albania, where more than 14 per cent of people live below the national poverty line. The free classes on offer included languages and religious education, as well as skills such as computing, embroidery and hydraulics. Through the scheme, almost **1,500 children were able to unlock brighter futures**. We also ran a project for lone mothers, helping them to build vocational skills to earn a living for themselves and their families – more than 450 orphaned children and their mothers benefited.

A livelihood support scheme also changed lives in the Occupied Palestinian Territories, where more than a quarter of people in the West Bank struggle to survive below the poverty line. **110 women received training and access to *qard hasan*** – interest-free loans which are foregone if the beneficiary has difficulty paying it back – to set up successful small enterprises. Our Islamic micro-finance scheme is free of interest and exploitation and is helping people across the globe to work themselves out of poverty, permanently.



There are a number of people in my area who are running their small businesses through this programme and every beneficiary has a unique story to tell. The interest-free concept of financing is flourishing and making people self-reliant."

Arshi Sajid Gill, who accessed one of IIRF's micro-finance loans, who is pregnant in Pakistan

Everyone has the right to social justice and economic independence. However, disabled people are often unable to access opportunities such as education and employment. This year, we gave **3,000 people with hearing disabilities** in Chechnya the training and materials to learn to read Russian and Arabic, and study Islam.

In the Somali Regional State in Ethiopia, only 22 per cent of children attended school, and health services were able to provide for just over a tenth of the population. We built the capacity of local services in the region's Afder zone. Almost **3,400 students benefited** as participation in education increased. We provided local healthcare providers with essential equipment and training, and ran vaccination drives to reach the most vulnerable. In addition, we built four new *birkas* (water points), and trained communities to maintain them so people now have sustainable access to clean drinking water.

Case study

"I now have perfect sight. I can read a book and write, even at night. I am confident that I can now study and have an education that gives me a better future."

Dilani Alexander, 15, goes to school in Sammanthurai, Sri Lanka, and received spectacles through our healthcare project. She was one of 470 children to receive free medical screening and treatment.

118,000
children

and mothers vaccinated
against tetanus and polio
in Ethiopia

More than

4,250

people in the Somali
Regional State, Ethiopia,
received sustainable
access to clean water

Campaigning for Change

A strong voice for social change

We are determined to help marginalised people get their voice heard so that they can strive for their rights and fulfil their needs. Following the Prophetic example of speaking out against injustice, we concentrate on facilitating and campaigning for social change in our advocacy work.

This year, we teamed up with other leading aid organisations to call on the international community to **tackle shortcomings in the delivery of humanitarian aid in Somalia**, a country suffering from famine and conflict. Issues include the politicisation of aid, the escalation of military activity, and failure to focus assistance on areas where the need is greatest. Together with the Organisation of Islamic Cooperation (OIC), the Humanitarian Forum and the Turkish Red Crescent, we set out how political progress could be supported to achieve long-term peace and prosperity. The joint report urged that humanitarian needs in Somalia remain at the top of the international agenda.

Also in 2012, we lobbied donor governments on **humanitarian and development aid for Afghanistan**. We set out six clear recommendations, which included the need to improve food security and tackle poverty, build livelihoods, and ensure education for all through culturally sensitive education programmes, as well as doing more to secure cost-effectiveness and transparency in aid delivery.

We also joined forces with Oxfam to warn that unless more humanitarian funding is provided, **tens of thousands will be left without aid in Yemen's hunger crisis**. Although Islamic Relief is helping 72,000 people with food, healthcare and other support, much more is needed to avoid a catastrophic food crisis in a country where nearly a quarter of the population do not have enough to eat.

The world's poorest are paying the heaviest price for climate change, as drought, floods and tropical storms become more frequent and severe. In 2012 we published a report

that highlighted the plight of some of the most vulnerable communities across the globe. Drawing on our extensive experience, our Feeling the Heat campaign called upon the international community to **increase investment in disaster risk reduction schemes**.



In Darfur, western Sudan, millions of people still live in the camps that were set up when civil conflict erupted almost a decade ago. We have worked for nine years in Kerinding I and II camps, where tensions between camp residents and local people have risen steadily over access to aid services and scarce local resources such as water. We established two reconciliation committees and trained over 40 community leaders on **dialogue and communication**, involving local people as well as camp residents in decision-making and

maintaining resources

We also spoke out about violence and killing in the Rakhine state of Myanmar – where we have been working since 2008

- calling upon the government and communities to restore peace and security as well as ensure the protection of local people and aid workers

Case study

Our one-to-one sponsorship scheme is a lifeline for 32,000 children in 23 countries, providing a regular allowance for their basic needs and enabling them to go to school

Football-fan Erion Dajaku, eight lives in Kosova with his grandmother. "I am very thankful to Islamic Relief and Erion's sponsor, for caring about him and giving him the opportunity to have better schooling," she said

We developed our capacity to respond to the suffering caused by

HIV/Aids,

and advocate for those with the disease. Held in South Africa, relief workers from nine countries received specialist training

Over
146,000
children
supported to get
an education

Strengthening the Islamic Relief partnership

Improving effectiveness and efficiency

Over the last 28 years, the Islamic Relief family has grown substantially. We are working to build a stronger partnership, with a governance system and infrastructure that makes us more effective in alleviating poverty and suffering across the globe.

We came together in Spain with our partner offices from around the globe to review business performance against strategic direction and adjust future plans. A meeting in Nairobi saw us map out how Islamic Relief can transform its working structure and build regional offices that are empowered to make decisions.

This takes us closer to the point of impact with the beneficiaries we serve. We also raised standards further, by holding a conference for Islamic Relief finance and services staff from around the world and celebrated the first anniversary of Islamic Relief Australia.

We signed an extension to an existing contract with the UNHCR in Egypt to continue to manage Al Saloum camp, which arose from the conflict in Libya – another example of our growing relationship with the UNHCR around the world. We also strengthened our relationship with the World Food Programme (WFP), with our CEO speaking as senior rapporteur on emergency preparedness and response.

We took part in the World Conference of Muslim Philanthropists, Kuala Lumpur, which included an opportunity to promote our vital programmes on Malaysian television. Our trustees raised our profile further in Cairo, as they participated in a ceremony to launch a ground-breaking housing scheme which will re-accommodate people living in the city's slums. We also participated in an innovative conference to support health projects in Gaza. As a major

partner in the event, we pledged around £3 million of the £39 million raised.

Islamic Relief Investment performance

All of our investments are governed by these principles:

- 1 That funds are protected from risk and inflation
- 2 That Islamic principles are observed
- 3 That the best income is obtained from funds for its purpose

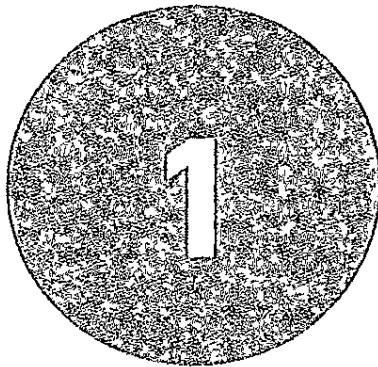
Investing in sustainable solutions

Our innovative Waqf programme has gone from strength to strength since we set it up twelve years ago.

The Islamic concept of permanent endowment, *waqf* is a sustainable solution in the fight against poverty and suffering, because we invest to preserve the donation, and use 80 per cent of the annual profit for humanitarian projects. The 2011 return on investment funded seven projects in Syria, Sudan, Albania, Indonesia, Mali and Sri Lanka. We split the remaining 20 per cent equally between reinvesting in the capital amount and covering administrative costs. *Waqf* also pays the rent for the premises we have purchased with *waqf* funds.

Future Plans

Looking ahead, we'll continue to progress the four strategic focus areas set out in our global strategy. We are also focussing on a number of key themes for the year ahead, and are working to prioritise these as part of our programmes.



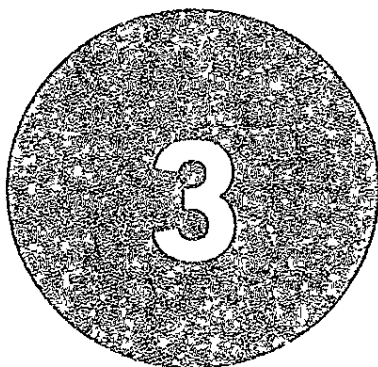
Impact-led approach

We believe in helping people lift themselves out of poverty, permanently. This requires a sustainable approach that addresses the causes of poverty. As a result, we're working hard on our model for integrated sustainable development. It will make sure that our work is not just about outcomes, but about real and lasting impact in communities around the world.



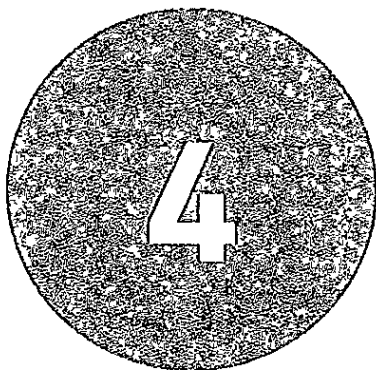
Closer to the ground

Our field operations of course have always taken place in the countries where we serve our beneficiaries, but now we have decided to take the step of moving more of our decision-making to the local level. Here we can increase our expertise, as well as the quality and impact of development programmes through working in partnership with communities, and respond quicker to emergencies.



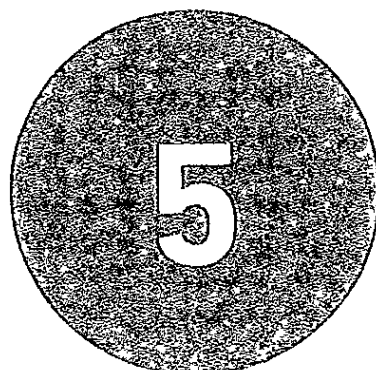
Providing Islamic perspectives

We'll be a policy leader on Islamic humanitarian issues. We will also prioritise the opportunities – both strategic and within our programmes – provided by our faith, particularly in development, humanitarianism, rights, sustainable livelihoods and micro-finance. We believe that the values and teachings of Islam can enrich development discourses, and strengthen service provision to beneficiaries from all backgrounds.



Strengthening local capacity

Capacity-building and participation will be key in developing our strategic goals. We'll empower communities to manage their own affairs – from disaster preparedness and recovery to social mobilisation. We'll also develop resources, share organisational learning and deliver civil society capacity-building in our offices and programmes.



Every penny put to good use

We are clear in our responsibility for every penny entrusted to us. In 2012, this was over a hundred million pounds. We will continue working hard to ensure that our high quality programming work increases and is not compromised, whilst having the lowest overhead cost possible. We also want to continue to be recognised for our financial transparency, underlining how scrupulous we are with the contributions of our donors.

Financial review

We continued to grow this year, with total income increasing to £100 million. This allowed us to increase expenditure to £96 million – reaching a greater number of beneficiaries than ever before.

Charitable Expenditure

Our charitable expenditure increased by 27 per cent to £85 million in 2012, mostly in our Protecting Life and Dignity programmes

Fundraising

Voluntary income – which includes income from regular giving, campaign and appeal income – increased 28 per cent from £53 million to £68 million. This is a growth of 100 per cent over the past five years, up from £34 million in 2008. Our UK individual donors donated even more generously throughout the challenging economic times. This made voluntary income 68 per cent of our total income, which includes income from overseas partners. Income from institutional donors was 29 per cent of the total income.

TIC International

Our trading subsidiary, TIC International, expanded its activities from textile recycling and managing our charity shops to include supplying food to the NGO community. This innovative activity provides affordable high quality canned meat for distribution to vulnerable people during emergency humanitarian responses.

In 2012, its income was 28 per cent from food supplies, 19 per cent from shop sales and 53 per cent from recycling clothes. We are to receive from TIC a gift-aid donation of £522,406 to help fund our humanitarian programmes.

Reserves

Our reserves policy ensures that delivery of our vital programmes is not disrupted by unforeseen circumstances such as reduced income or increased expenditure. We review the policy each year, assessing the risks and reflecting changes in factors such as investment, income and also our financial obligations and commitments. The policy sets our target reserves as seven months reserves of the core operational budget, as well as an appropriate amount for emergencies. These funds are held in current and medium-cash forms.

We aim to increase our unrestricted reserves through tighter financial forecasting and reporting. This means we can deliver assistance in response to humanitarian crises that aren't widely covered by the media, and therefore struggle to get vital funding.

Five Year Trend

	2008	2009	2010	2011	2012
	£ Million	£ Million	£ Million	£ Million	£ Million
Total Voluntary Income	34	41	50	53	68
Grants	11	14	15	26	29
Donations from overseas partners	17	21	22	31	35
Charitable Expenditure	34	43	54	67	85

Support for our programmes

A year of hard work and success in securing vital funding for humanitarian programmes worldwide.

Fundraising in the Middle East and South America

This year, we worked hard to raise funds and awareness in the Middle East and South America

Sponsoring the high-profile Humanitarian Personality of the Year event brought our message to tens of thousands across the Gulf. We also appealed to the region's big-hearted donors through five television campaigns, raising vital funds and awareness for humanitarian programmes in Gaza and Syria.

Institutional donors backed education schemes around the world: orphaned children received school bags and stationery, students in Gaza benefited from a donation from the Islamic Development Bank, and our work to rebuild schools in Iraq received a welcome boost.

Fundraising and volunteers in the UK

This was an incredibly busy and successful year in the United Kingdom. We focused on emergencies including Yemen's food crisis, the Syrian conflict, West Africa's famine, violence in Myanmar and the eight-day bombardment of Gaza – raising a record-breaking total of funds to get vital aid to vulnerable communities. We secured DfID match funding, so UK public donations during Ramadan were matched pound for pound up to £5 million.

Regional activity included 150 mosque collections, 100 street and tube collections, 40 *iftars*, bazaars and family fun days. Special dinners in Bradford and the Midlands raised £128,000

for Gaza and Syria. Our 'Water for Life' programme received a welcome boost when we teamed-up with the Well Foundation to take on the Great Scottish Run and host a prestigious dinner and exhibition. Alex Salmond, First Minister for Scotland spoke at the event, at which £50,000 was raised.

People from all walks of life took part in gruelling challenges, from sky dives to mountain climbing and bungee jumps. Over 600 participants took on five international challenges – including climbing Kilimanjaro – to raise a whopping £600,000. A bike ride from Vietnam to Cambodia saw father and son singing duo Zain and Rashid Bhikha cycle thousands of miles, raising £200,000, with Zain's nasheed tour of the UK also bringing in £250,000.

The familiar Evening of Inspiration tour heralded five concerts delighting 8,000 attendees and raising significant funds with performances from Outlandish, Native Deen and Junaid Jamshed. Sheikh Abu Bakr Shatri provided spiritual uplift, touring UK mosques, while Al Buruj and Al Maghrib dinners also provided nights of reflection, raising £71,000.

None of our successes could have been achieved without our core volunteers, 150 of whom took part in a residential retreat in Nottingham. Our volunteers are at the heart of our work, sacrificing finances, time and energy – exemplified during Charity Week, when thousands of students raised a phenomenal £445,500 in just one week! Our passionate volunteers also worked hard to change lives in their own community. More than 250 people attended our informative community health initiative in Scotland, and many enjoyed our exciting faith-inspired singing competition, Nasheed Factor.

In addition, our advocacy work saw us co-publish the 'Back from the Brink' report, on the first anniversary of the Somalia famine, and challenge the international community to prioritise disaster risk reduction in 'Feeling the Heat' What's more, this year saw Islamic Relief UK receive the Fundraising Standards Board (FRSB) – which ensures transparency in charity fundraising – quality assurance standard

We are registered as a charity with the Office of the Scottish Charity Regulator (OSCR), and file our Annual Report & Financial Statements with the Charity Commission (England and Wales) and the Office of the Scottish Charity Regulator (OSCR)

Constitutional and Organisational Structure

Board of Trustees

Company directors - known as trustees - make up our Board of Trustees, which directs and controls the organisation. The Board of Trustees sets our future aims and priorities, focussing on strategic planning and governance, and also evaluates our performance and progress in our work to alleviate poverty and suffering.

The Board of Trustees appraises the Executive management team – made up of the Chief Executive Officer (CEO) and Board of Directors – and can make appointments to these positions as well as dismissals.

The Board of Trustees also makes sure that we satisfy the regulatory requirements on us as a charity and works with key stakeholders.

Recruiting and appointing trustees

All of our trustees are volunteers, chosen because they have the diverse range of skills, knowledge and experience that we need to respond to the challenges of today. Stakeholders and partners may nominate trustees, and sometimes we will make a personal approach to potential candidates.

Welcoming and training trustees

We support new trustees in understanding the Board's role, and make sure they have the information that they need to carry out their duties. This includes giving them a full overview of our strategic and operational functions, as well as a comprehensive welcome pack which includes a copy of the Memorandum and Articles of Association, the financial statements, board minutes and the Charity Commission guidance 'The Essential Trustee', as well as recent publications. We may also give a new trustee a mentor to help them settle into the role.

Training is essential in making sure we benefit from a professional, appropriate board. We encourage trustees to

identify their training needs, and we provide training in new or emerging areas of responsibility. Our CEO keeps trustees up-to-date about changes in regulatory standards and training possibilities, and we continually evaluate the board's effectiveness.

We provide the Board of Trustees with regular reports on our performance, as well as our annual financial reports, and plans and budgets. The Board of Trustees also approves relevant new policies and procedures.

Key personnel

The CEO is accountable to the Board of Trustees and - along with other senior staff - is responsible for our day-to-day management. The CEO chairs the Board of Directors, which is made up of the division directors. Division directors make sure that the policies laid down by the Board of Trustees are implemented and they also support the work of other staff and volunteers.

Organisational Structure

The Islamic Relief global family

We're based in Birmingham, UK, and are the global implementing and coordinating partner of the Islamic Relief family. Together with Islamic Relief national offices, we raise funds and awareness of the family's work.

Here are the Islamic Relief national offices that focus largely on raising funds for overseas projects and are registered as independent legal entities. In these accounts, we have only included funds that are transferred to us.

- | | |
|-------------|-------------------|
| › Australia | › The Netherlands |
| › Belgium | › South Africa |
| › Canada | › Sweden |
| › Germany | › Switzerland |
| › Italy | › USA |
| › Malaysia | |

We have also registered offices in

- | | |
|-----------|-------------|
| › Ireland | › Mauritius |
|-----------|-------------|

Affiliated Implementing Partners deliver projects on behalf of the Islamic Relief family. Some of these are independent legal entities. These include

- | | |
|-----------------------------|---------------------------|
| › Islamic Relief Bangladesh | › Islamic Relief Kenya |
| › Islamic Relief Egypt | › Islamic Relief Pakistan |
| › Islamic Relief India | |

Countries in which we deliver projects through our own offices are

- | | |
|--------------------------|--|
| › Afghanistan | › Malawi |
| › Albania | › Mali |
| › Bosnia and Herzegovina | › Niger |
| › Chad | › Occupied Palestinian Territories |
| › Egypt | › Russian Federation (Chechnya and Ingushetia) |
| › Ethiopia | › Somalia |
| › Haiti | › South Sudan |
| › Indonesia | › Sudan |
| › Iraq | › Tunisia |
| › Jordan | › Yemen |
| › Kosovo | |
| › Lebanon | |
| › Libya | |

Countries in which we work through the offices of local organisations to deliver projects include

- | | |
|---------|-------------|
| › China | › Japan |
| › India | › Sri Lanka |



Responsibilities of Directors and Trustees

Our directors prepare the annual report and the financial statements according to the relevant law and regulations. Under company law, the directors have to prepare financial statements for each financial year, and have chosen to prepare the group and parent company financial statements according to the United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law).

In line with company law, the directors only approve the financial statements when they're satisfied that they give a true and fair view of the state of affairs, and of the profit or loss for that period. In preparing the financial statements, the directors must:

- › choose suitable accounting policies and apply them consistently
- › make reasonable and prudent judgements and accounting estimates
- › 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 company will continue in business

The directors must keep adequate accounting records, and these have to show and explain our transactions. The records must also disclose our financial position with reasonable accuracy at any time, and enable directors to ensure that the financial statements comply with the Companies Act 2006 and the Charity Commission Statement of Recommended Practice (SORP) 2005. Directors also have to safeguard our assets, and this means taking reasonable steps to prevent and detect fraud or other irregularities.

The directors are responsible for making sure our website is maintained and is accurate. The UK's legislation governing preparing and publishing financial statements may not be the same as in other countries.

Risk Management

We take robust steps to manage the risks involved in achieving of our aim and objectives. The Board of Trustees has established an audit committee, which is made up of non-executive directors. The committee reviews significant risks, and makes sure that we're taking appropriate measures to manage and reduce their impact.

Senior managers manage resources, monitor performance and have also established – and manage – an effective internal control environment. This is supported by systems, processes and procedures.

The audit committee reviews risks. It also receives regular reports and approves the risk-based internal audit plan.

Senior management regularly reviews key strategic and operational risk, reporting periodically to the audit committee.

Statement on disclosure of information to the Auditors

Under Section 418, in the case of each director in office at the date the directors' report is approved, the reports include a statement that declares:

- › So far as they are aware, there is no relevant audit information of which our auditors are unaware, and
- › They have taken all the steps that they should have taken to make themselves aware of any relevant audit information, and to establish that our auditors are aware of that information.

Grant-making policies

We provide grants to organisations and individuals if the request meets our charitable objectives and criteria. After initial approval, a committee of senior personnel reviews applications. We aim to treat all grant applications equally and fairly. We will make the final decision as to eligibility to receive a grant at our discretion.

organisations operating in the same sector we are all working towards the common goal of providing humanitarian relief and alleviating suffering. A great example of this is our partnership with leading charities through the Disasters Emergency Committee (DEC)

We work hard to make sure that we meet all regulations and laws governing charities, and that we have the right technology and systems to meet the requirements of donors, beneficiaries and regulatory bodies

With the downturn in the global economy, we are also carefully managing our cash-flow and strengthening our reserves. What's more, we are determined to continually improve our efficiency and effectiveness - maximising the impact of our work and providing the best possible service to our individual donors through whom we receive most of our funding

Public benefit

We develop strategic plans to make certain that we provide maximum public benefit and achieve our strategic objectives, which fall under purposes defined by the Charities Act 2006

Employees

We support and develop the skills of our employees. We encourage all of our colleagues to engage with the strategy and objectives, and to give their suggestions and views on performance and strategy. We are committed to the People in Aid (PIA) code of good practice

We are an equal opportunities employer and are proud to recruit and promote our staff based on their aptitude and ability, without discrimination. The majority of staff benefit from policies focussing on training and career development as well as regular supervision and an annual appraisal

Help from volunteers' in-kind gifts

Our dedicated volunteers are the heart and soul of our operations, and we rely on them to be able to deliver our services. We manage all of our volunteers. During 2012, volunteers in the UK alone contributed substantial hours of work by donating their time in the shops, through administration, and by being involved in fundraising activities

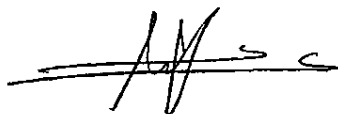
Working environment

We are among the Top 100 charities in the UK. We don't view ourselves as having competitors, but rather fellow

Auditors

A resolution to re-appoint Crowe Clark Whitehill as auditors will be put to the members at the Annual General Meeting

By the Order of the Board



Mr. Adnan Saif
Company Secretary/Trustee
2nd August 2013

Our key partners



Islamic Relief has rebuilt the whole village, not just provided for one family. They've done so many things. We could never have imagined paved streets and drains in our village; it's like a dream they have made come true."

Mai Bhagi, one of over 651,000 people to have benefited from our unique £21 million project to rebuild lives and strengthen flood-hit communities in Pakistan

1 million
people

helped by our
£10.2million emergency
response for Syria

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLAMIC RELIEF WORLDWIDE

We have audited the financial statements of Islamic Relief Worldwide for the year ended 31 December 2012 which comprise the Group Statement of Financial Activities and Income and Expenditure Account, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 31. 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 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustees Investment (Scotland) Act 2005. 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 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 auditors

As explained more fully in the Directors' and Trustees' Responsibilities Statement set out on page 40, 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.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows 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, the Charities and Trustees Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.

N. Hashemi

Nazlar Hashemi

Senior Statutory Auditor

for and on behalf of Crowe Clark Whitehill LLP

Chartered Accountants and Statutory Auditors

St Bride's House, 10 Salisbury Square, London EC4Y 8EH

2nd August 2013

Crowe Clark Whitehill is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

GROUP STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE ACCOUNT for the year ended 31st December 2012

	Unrestricted funds	Restricted funds	Endowment funds	Total	Total	Note
				2012	2011 (as restated)	
	£	£	£	£	£	
Incoming resources						
Incoming resources from generated funds						
Voluntary income	11,035,255	56,244,733	371,249	67,651,237	53,482,795	2
Activities for generating funds	2,819,671	149,806	-	2,969,477	3,033,873	3
Investment income	-	-	317,419	317,419	214,035	4
Incoming resources from charitable activities	-	29,430,036	-	29,430,036	25,578,127	5
Total incoming resources	13,854,926	85,824,575	688,668	100,368,169	82,308,830	
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	794,323	6,070,117	-	6,864,440	6,308,910	10
Fundraising trading costs of goods sold and other costs	645,881	1,840,098	-	2,485,979	1,534,874	11
Investment management cost	-	-	252,791	252,791	286,711	12
Charitable activities						
Protecting Life and Dignity	387,726	43,501,138	-	43,888,864	31,298,417	
Empowering Communities						
- Caring for Orphans and Children In Need	402,850	10,985,938	-	11,388,788	8,553,023	
- Supporting Education	1,082,637	2,567,048	-	3,649,685	3,651,702	
- Providing access to Healthcare and water	2,238,341	8,558,278	-	10,796,619	12,546,524	
- Sustainable livelihood	2,718,360	11,200,999	-	13,919,359	9,653,277	
- Campaigning for Change	507,251	1,283,443	-	1,790,694	1,386,676	
Total Charitable activities	7,337,144	78,096,844	-	85,434,010	67,089,619	
Governance cost	70,224	1,044,534	-	1,114,758	1,083,575	13
Total resources expended	8,047,594	87,051,593	252,791	96,151,978	76,303,689	
Net income for the year before transfers	5,007,332	(1,227,018)	435,877	4,216,191	6,005,141	
Gross transfers between funds	163,346	-	(163,346)	-	-	31
Net income for the year before other recognised gains/(losses)	5,170,678	(1,227,018)	272,531	4,216,191	6,005,141	
Net gains on investment assets	62,000	-	-	62,000	(33,169)	
Branch funds brought forward on consolidation	222,316	-	-	222,316	-	
Net movement on funds	5,454,994	(1,227,018)	272,531	4,500,507	5,971,972	
Reconciliation of funds						
Total funds brought forward	9,661,111	23,396,736	4,499,146	37,756,995	31,785,023	
Total funds carried forward	15,316,105	22,169,720	4,771,677	42,257,502	37,756,995	

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

All incoming resources and resources expended derive from continuing operations

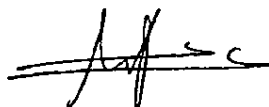
Islamic Relief Worldwide uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate Income and Expenditure Account for Islamic Relief alone as a separate entity. The net income for Islamic Relief as a charity for the year ended 31 December 2012 was £3.0 million (2011 net income £4.5 million)

GROUP AND CHARITY BALANCE SHEETS

as at 31st December 2012

	2012 total funds		2011 total funds		Note
	Group	Charity	Group	Charity	
	£	£	£	£	
Fixed assets					
Intangible assets	127,383	127,383	145,240	145,240	19
Tangible assets	6,044,004	5,625,237	6,178,536	5,888,246	20, 21
Investments	388,958	574,268	397,121	492,986	22
Total fixed assets	6,560,345	6,326,888	6,720,897	6,526,472	
Current assets					
Stocks and work in progress	90,603	9,719	144,542	67,478	23
Debtors due within one year	17,674,313	17,726,671	6,403,069	6,837,745	24
Debtors due after one year	2,380,631	2,380,631	1,571,343	1,571,343	
Cash at bank and in hand	21,464,788	21,119,129	25,627,297	24,581,677	
Total current assets	41,610,335	41,236,150	33,746,251	33,058,243	
Liabilities					
Creditors amounts falling due within one year	4,996,533	4,595,236	1,593,504	1,017,917	25
Net current assets	36,613,802	36,640,914	32,152,747	32,040,326	
Creditors amounts falling due after more than one year	916,646	916,646	1,116,649	1,116,649	25
Total assets less total liabilities	42,257,502	42,051,157	37,756,995	37,450,149	
Total funds					
Unrestricted funds					
General	13,527,436	14,256,199	7,639,359	8,165,165	
Designated fixed assets	1,788,669	853,561	2,221,752	1,389,100	
Total unrestricted funds	15,316,105	15,109,760	9,861,111	9,554,265	29
Restricted income funds	22,169,720	22,169,720	23,396,738	23,396,738	
Endowment funds	4,771,677	4,771,677	4,499,146	4,499,146	
Total funds	42,257,502	42,051,157	37,756,995	37,450,149	

The financial statements on pages 29 to 47 were approved by the board and signed on its behalf by



Mr Adnan Saif
Company Secretary/Trustee

2nd August 2013

The notes to the accounts on pages 32 to 47 form part of these financial statements

GROUP CASH FLOW STATEMENT

For the year ended 31st December 2012

	2012	2011
	£	£
Reconciliation of net outflow to net cash flow from operating activities		
Net income and resources (excluding cash flow from endowments)	4,227,976	4,811,383
Reconciliation to cash generated from operations		
Depreciation	475,301	469,338
Amortisation	17,857	17,673
Revaluation of investments	-	(28,831)
Decrease in stocks	53,939	87,109
Decrease/(Increase) in debtors	(12,080,532)	(1,333,365)
Increase in creditors	3,358,735	(1,441,850)
	(3,944,724)	2,581,457
Capital expenditure and financial investment		
Purchase of intangible assets	-	(6,475)
Purchase of tangible fixed assets	(340,630)	(736,099)
Proceeds from the sale of fixed assets	-	3,787
	(340,630)	(738,787)
Financing		
Endowment (waqf)	272,530	1,160,588
Repayment of amounts borrowed	(200,004)	(200,004)
Loan on building acquisition		
	72,526	940,584
Capital Financing		
Overseas branches	52,319	-
	52,319	-
Net Increase in cash	(4,162,509)	2,803,254
Cash at bank and in hand less overdrafts at 1 January	25,627,297	22,824,043
Cash at bank and in hand less overdrafts at 31 December	21,464,788	25,627,297
Consisting of:		
Cash at bank and in hand	21,464,788	25,627,297
	21,464,788	25,627,297

Reconciliation in net debt

	1 Jan 2012	Cashflow	Non-cash movement	31 Dec 2012
	£	£	£	£
Cash at bank and in hand	25,627,297	(4,162,509)	-	21,464,788
Debt due within one year	(200,004)	200,004	(200,004)	(200,004)
Debt due in over one year	(1,116,649)	-	200,004	(916,645)

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

a Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Companies Act 2006 and adhering to the Revised Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) effective since April 2005. The financial statements are prepared on the accruals concepts and going-concern basis thus presuming that the company will continue in business and the accounting policies mentioned have been consistently applied.

b Going concern

We have set out in the Trustees' report a review of the financial performance and the charity's reserve position (page 46). We have adequate resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the Charity's ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern.

c Consolidation and group financial statements

Islamic Relief Worldwide (IRW) is a charitable company limited by guarantee. Its main activities are delivering emergency aid to parts of the world affected by natural or unnatural disasters and setting up various development projects that help empower people in need.

The group financial statements consolidate those of Islamic Relief Worldwide and its trading subsidiary TIC International Limited and its property investment company SIF Invest. The results of TIC International Limited and SIF Invest have been incorporated on a line-by-line basis, in accordance with current legislation.

Islamic Relief Worldwide has taken advantage of section 408 of the Companies Act 2006 and paragraph 397 of the SORP and has not included its own income and expenditure account in the financial statements.

Note 9 gives the full details of the income and expenditure of the trading subsidiary. TIC International Limited is considered to be an intrinsic part of the charity's programme to relieve poverty in any part of the world. The donated items are a constant source of relief supplies.

Note 9 also gives the full details of the income and expenditure of the French subsidiary company SIF Invest, a company incorporated in France. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. The results have been consolidated within these financial statements.

The charity's overseas fundraising offices and field offices are established as separate independent legal entities in their own jurisdictions and, consequently, their results are not included within these consolidated financial statements.

d Fund accounting

Islamic Relief Worldwide has various types of funds for which it is responsible and which require separate disclosure.

Unrestricted funds All donations are considered unrestricted unless specifically stated by the donor. Unrestricted funds comprise the accumulated surplus or deficit on the statement of financial activities which are available for use at the discretion of the trustees of Islamic Relief Worldwide in furtherance of the objectives of the charity. Islamic Relief Worldwide may incur costs on projects before the relevant restricted income is received. Therefore, income generated from restricted funds in this scenario is treated as unrestricted funds to cover the pre-financing costs of the project incurred.

Designated funds The trustees may at their discretion set aside unrestricted funds for specific purposes. Refer to Note 29. The designated fund for fixed assets is that part of unrestricted funds that represent fixed assets held. Refer to Note 29.

Restricted funds These are assigned by the donor, or the terms of the appeal, specified by a particular country or project. The donation and income deriving from them will be used in accordance with the specific purposes.

Endowment (waqf) funds These are funds that have been given to Islamic Relief Worldwide subject to the restriction that they are to be held as capital or spent on a long-term charitable asset. Waqf is employed to generate a return while the original investment remains intact. Waqf returns are used to cater for long-term projects. The Waqf is the Islamic equivalent of endowments.

e Incoming resources and investment income

All incoming resources are included in the Statement of Financial Activities (SOFAs) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy and there is certainty of receipt.

Voluntary income Comprises all incoming resources from donations and income from fundraising partners on the basis of that which is remitted to Islamic Relief Worldwide in the United Kingdom. Where a claim for repayment of income tax has been or will be made, such income is included in the debtors' amount if still not received by the year end.

Grants Where related to performance and specific deliverables these are accounted for as the charity earns the right to consideration by its performance.

Activities for generating funds Comprise income generated by TIC International Limited, from its trading activities and its charity shops and the sale of merchandise.

Investment income Comprises income generated by waqf investment and rents receivable. Income generated from Waqf forms part of the endowment funds.

f Gifts in kind

Gifts in kind for use by the charity are included in the accounts at their approximate market value at the date of receipt. Gifts in kind for distribution are included in the accounts at their approximate market value at the date of distribution.

g Recognition of liabilities

Liabilities are recognised on the accruals basis in accordance with normal accounting principles, modified where necessary in accordance with the guidance given in the Statement of Recommended Practice for Accounting and Reporting (effective since April 2005) issued by the Charity Commission.

h Resources expended

All expenditure is accounted for on an accruals basis and is recognised where there is a legal or constructive obligation to pay. Expenditure has been classified under headings that aggregate all costs related to that category.

h Resources expended continued

Costs of generating funds are costs incurred in attracting voluntary income, and those as stated below under the headings Costs of generating voluntary income, Fundraising trading.

Costs of generating voluntary income The costs incurred in seeking voluntary contributions.

Fundraising trading Comprises the group's trading activities, namely the costs associated with the trading activities of TIC International Limited.

Charitable activities Costs associated with the provision of emergency relief and development humanitarian programmes as elaborated on in the trustees' report section, Activities, Achievements and Performance. These include both the direct costs and support costs relating to these activities.

Governance costs The costs associated with the governance arrangements of Islamic Relief Worldwide, included within this category are costs associated with the strategic as opposed to day-to-day management of Islamic Relief Worldwide's activities. This includes such items as internal and external audit, legal advice, and costs associated with constitutional and statutory requirements.

Support costs Support costs to a single activity are allocated directly to that

NOTES TO THE FINANCIAL STATEMENTS

activity Where support costs relate to several activities, support costs have been allocated to each of the activities (stated in Note 15) on the basis of the number of direct staff supported during the period in the relevant activity. Governance support costs are allocated on the basis of support activities provided on clearly interpreted governance matters.

Campaigning for change Those costs associated with disseminating information and raising the profile of the charitable activities of Islamic Relief Worldwide.

Investment management cost This incorporates costs related to the administration of waqf and costs relating to the promotion of the concept of waqf from unrestricted funds, therefore this element is not charged to capital.

The number of staff involved in an activity is deemed to be the appropriate basis for allocating support costs as it closely reflects the resource usage of the support functions of the core activities. The number of staff working on a particular activity is determined by the estimated equivalent time devoted by a full-time member of staff to perform the task. Support costs that represent the support functions of management, finance and accounts, human resources, IT and offices facilities are allocated to each activity based on the number of staff performing a particular activity in relation to the total number of staff performing all core activities.

Grants are charged to the SOFA when a constructive obligation exists, notwithstanding that they may be paid in future accounting periods.

i Operating leases

Rentals applicable to operating leases (where substantially all of the benefits and risks of ownership remain with the lessor) are charged against income as incurred. Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

j Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange-rate ruling at the balance-sheet date, and the gains or losses are included in the income and expenditure account. Foreign exchange gains and losses incurred in respect of humanitarian projects overseas are included in the charitable activities expenditure.

k Fixed assets and depreciation

All expenditure of a capital nature is capitalised at cost as fixed assets with items costing below £500 being fully depreciated during the year of purchase. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Intangible assets represent the organisation's registered trade marks.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Freehold buildings	Over 50 years straight-line basis
Fixtures and fittings	Over 4 years straight-line basis
Office equipment	Over 4 years straight-line basis
Motor vehicles	Over 5 years straight-line basis
Plant and machinery	Over 8 years straight-line basis

l Intangibles

Trademarks are stated at cost less any impairment loss. The useful life of the trademarks is estimated to be 10 years, based on the life of trademarks. They are amortised and tested for impairment annually where indicators of impairment are identified.

m Stocks

Stocks and work in progress are stated at the lower of cost and net realis-

able value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred for completion and disposal.

n Investments

Long-term investments are classified as fixed assets and stated at current value. They consist of subsidiary undertakings, unlisted investments and property. Short-term investments are classified as current assets. Provision is made for any impairment in the value of fixed-asset investments.

o Provisions

Provisions are recognised when the charity has a present legal or constructive obligation as a result of a past event, where it is probable that a transfer of economic benefit will be incurred and this transfer can be reliably estimated.

p Pension costs

The charity operates a group personal pension scheme, which effectively means that all employees who join the scheme have their own pension plan.

q Taxation

As a registered charity, the company is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value added tax (VAT) is not recoverable by the company, and is therefore included in the relevant costs in the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS

2. Voluntary income

	Unrestricted funds	Restricted funds	Endowment funds	Total	Total	Note
	2012	2012	2012	2012	2011 (as restated)	
	£	£	£	£	£	
Donations, appeals and fundraising events						
United Kingdom	10,865,061	16,734,837	125,400	27,725,298	21,059,042	6 8b
Disasters Emergency Committee*	-	2,089,956	-	2,089,956	1,378,778	6
International Fundraising**	7,772	2,528,719	124,986	2,661,477	1,955,737	7
Islamic Relief partners***	162,422	34,891,221	120,863	35,174,506	29,089,238	8a, 8b
	11,035,255	56,244,733	371,249	67,651,237	53,482,795	

* The Disasters Emergency Committee (DEC) is an umbrella organisation of 14 humanitarian aid agencies. The Disasters Emergency Committee (DEC) brings 14 leading UK aid charities – including Islamic Relief – together in times of crisis. For further information go to www.dec.org.uk

** International fundraising includes Middle East, South America and other countries. Islamic Relief does not have a permanent presence in Alkawari, Ghanim, Saad, Hajj, Abdallah, Berri and Sheikh Abuliah Al Nouri were reclassified as voluntary income as deemed not institutions.

*** Secours Islamique France has changed their status from Partner to Institutions.

3 Activities for generating funds

	Total	Total
	2012	2011
	£	£
Trading Subsidiaries		
TIC		
Income from charitable shops	701,096	620,117
Qurbani Income	149,806	12,816
Clothes Recycling Income	2,071,659	2,365,752
	2,922,561	2,998,685
SIF	46,916	35,188
Total	2,969,477	3,033,873

4. Investment income

	Total	Total
	2012	2011
	£	£
Return on waqf	317,419	214,035
Total	317,419	214,035

NOTES TO THE FINANCIAL STATEMENTS

5 Incoming resources from charitable activities by institution

	Protecting Life and Dignity	Empowering Communities	Total 2012	Total 2011 (as restated)
	£	£	£	£
Action Aid	-	105,598	105,598	217,396
Catholic Agency for Overseas Development	-	235,846	235,846	209,990
Christian Aid	-	-	-	48,107
Concern Worldwide	258,677	-	258,677	234,179
Consortium of British Humanitarian Agencies	-	-	-	55,330
Del Agua (GIK)	-	-	-	9,058
Department for International Development	1,400,000	-	1,400,000	-
Disaster Emergency Committee	-	-	-	535,509
European Commission	-	215,329	215,329	1,756,365
European Commission for Humanitarian Operations	1,951,104	2,907	1,954,011	3,988,894
HSBC (GIK)	-	-	-	6,000
International Organisation for Migration	65,484	9,260	74,744	-
Oxfam	1,190,146	610,525	1,800,671	1,153,389
Royal Commonwealth Society for the Blind	-	3,111	3,111	49,299
Save The Children	-	-	-	141,356
Scottish Government International Development	-	-	-	75,796
Secours Islamique France*	879,973	1,981,110	2,861,083	2,455,891
Spanish Aid Agency	243,942	-	243,942	854,934
Swedish International Development Agency**	-	-	-	739,240
Swiss federal department of foreign	-	52,760	52,760	-
UNICEF (GIK)	216,108	1,486	217,594	-
United Nations Development Programme	-	919,350	919,350	787,237
United Nations High Commission for Refugees (GIK)	8,841,287	-	8,841,287	90,960
United Nations World Food Programme	289,373	-	289,373	-
Worldvision UK	-	-	-	219,625
Subtotal	15,336,074	4,137,202	19,473,376	13,628,555
International Fundraising				
Alpha Data LLC	-	2,969	2,969	-
Alfanar Co	-	-	-	31,895
Al Rahman Al Raheem	255,149	159,186	414,335	-
Al Rahma Society Kuwait	123,902	-	123,902	-
Bahrain Royal Charity Organisation	-	186,772	186,772	204,548
International Islamic Charitable Organisation Kuwait	22,718	167,674	190,392	257,999
Islamic Cultural Centre Panama (GIK)	46,458	94,511	140,969	867,569
Islamic Development Bank	6,000,245	873,862	6,874,107	6,465,931
Islamic Foundation Ireland	44,660	6,410	51,070	30,050
Jordanian Hashemite Charity Organisation	1,623	154,044	155,667	362,995
Kuwait Zakat House	-	79,112	79,112	231,607
Middle East Broadcasting Centre Dubai	619,694	-	619,694	-
Project CURE (GIK)	519,209	-	519,209	-
Qatar Charity	181,874	-	181,874	834,349
Qatar Foundation (GIK)	-	-	-	339,675
Reach Out to Asla - Qatar	-	384,179	384,179	637,089
Sakhaa	-	-	-	1,249,964
The Islamic Association for Orphans & Poor	-	-	-	435,901
World Waqf Foundation	-	32,409	32,409	-
Subtotal	7,815,532	2,141,128	9,956,660	11,949,572
Total	23,151,626	6,278,410	29,430,036	25,578,127

*Secours Islamique France has changed its status from Partner to Institution

** Swedish International Development Agency Funding raised through Islamic Relief Sweden.

NOTES TO THE FINANCIAL STATEMENTS

6. Total income generated in the United Kingdom

The income raised in the United Kingdom relates to the income raised by IRV through its headquarters and through its various offices and branches in the United Kingdom.			
	Total	Total	Note
	2012	2011	
	£	£	
Voluntary income from the United Kingdom	27,725,298	21,059,042	2
Disasters Emergency Committee	2,089,956	1,378,778	2
Activities for generating funds	701,096	620,117	3
Trading subsidiary – TIC International Limited	2,268,381	2,378,568	
Incoming resources from Charitable Activities	2,478,647	2,419,524	5
	35,243,378	27,856,029	

Incoming resources from Charitable activities include gift in kind valued at £15,058 in 2011 and ENIL in 2012

7. Total income generated by International Fundraising

*The income raised in the Middle East and other geographical regions relates to the income raised by Islamic Relief Worldwide through its headquarters.			
	Total	Total	Notes
	2012	2011	
	£	£	
Voluntary income from the International Fundraising	2,661,477	1,955,737	2
Incoming resources from charitable activities	9,956,660	11,949,572	5
	12,618,137	13,905,309	

Income generated by International Fundraising includes gift in kind valued at £1,193,163 in 2011 and £519,209 in 2012

8a Donations disclosure by partner

The voluntary income shown below, which is included in Note 2, is shown below by partners*					
Partner	Unrestricted funds	Restricted funds	Endowment funds	Total	Total
	2012	2012	2012	2012	2011 (as restated)
	£	£	£	£	£
Islamic Relief Australia	13,362	294,480	-	307,842	364,108
Islamic Relief Belgium	714	1,209,453	8,136	1,218,303	630,622
Islamic Relief Canada	15,126	3,374,226	-	3,389,352	2,649,173
Islamic Relief Deutschland	17,136	3,768,934	-	3,786,070	3,677,754
Islamic Relief Italy	-	312,579	-	312,579	478,802
Islamic Relief Malaysia	500	327,926	-	328,426	433,737
Islamic Relief Mauritius	503	547,169	30,010	577,682	699,726
Islamic Relief Nederland	2,034	1,949,285	-	1,951,319	1,897,876
Islamic Relief South Africa	496	198,930	76,946	276,372	392,802
Islamic Relief Sweden	5,855	2,693,234	-	2,699,089	1,888,715
Islamic Relief Association Switzerland	31,064	2,545,630	5,771	2,582,465	2,259,994
Islamic Relief USA	75,632	17,462,873	-	17,538,505	13,580,974
Total partner income	162,422	34,684,719	120,843	34,968,004	28,954,283
Islamic Relief Bosnia, Tunisia and Albania	-	206,502	-	206,502	134,955
Total	162,422	34,891,221	120,843	35,174,506	29,089,238

NOTES TO THE FINANCIAL STATEMENTS

8b. Donations disclosure by partner continued

This note further analyses and shows the summary of funds from partners shown in Note 8a. It shows the breakdown of humanitarian projects/sectors funded by the partners. For a summary, refer to Note 8a on Donations disclosure by partner.

Partner	Protecting Life and Dignity	Empowering Communities	Total 2012	Total 2011 (as restated)
			£	£
Islamic Relief Australia	197,660	110,182	307,842	364,108
Islamic Relief Belgium	429,845	788,458	1,218,303	630,622
Islamic Relief Canada	2,669,444	719,908	3,389,352	2,649,173
Islamic Relief Germany	2,141,415	1,644,655	3,786,070	3,677,754
Islamic Relief Italy	99,059	213,520	312,579	478,802
Islamic Relief Malaysia	280,176	48,250	328,426	433,737
Islamic Relief Mauritius	329,435	248,246	577,681	699,726
Islamic Relief Netherlands	1,319,482	631,837	1,951,319	1,897,876
Islamic Relief South Africa	108,673	167,699	276,372	392,802
Islamic Relief Sweden	619,727	2,079,362	2,699,089	1,888,715
Islamic Relief Switzerland	1,320,126	1,262,339	2,582,465	2,259,994
Islamic Relief USA	12,089,180	5,449,325	17,538,505	13,580,974
Islamic Relief Bosnia, Tunisia and Albania	206,502	-	206,502	-
Total	21,810,724	13,363,781	35,174,505	28,954,243
Islamic Relief UK (includes DEC)	23,959,731	5,855,524	29,815,255	22,437,820
Total	45,770,455	19,219,305	64,989,760	51,392,103

* All partners are separate legal entities reporting locally in their respective countries. These amounts represent amounts transmitted to Islamic Relief to be applied to Islamic Relief Worldwide projects. Islamic Relief Mauritius is incorporated as a branch of Islamic Relief Worldwide, with local directors appointed to oversee operations.

9 Results from trading subsidiaries

	TIC International Limited	SIF Invest	2012	2011
	£	£	£	£
Subsidiary trading income	2,071,659	46,916	2,118,575	2,270,096
Income from charitable shops managed by TIC International Limited	701,096	-	701,096	620,117
Income from Qurban!	149,806	-	149,806	925,957
	2,922,561	46,916	2,969,477	3,816,170
Operating and administrative costs	2,408,228	77,751	2,485,979	3,061,953
Net profit for the year	514,333	(30,835)	483,498	754,217
Amounts gift aided to Islamic Relief	522,406	-	522,406	823,123
Retained in subsidiary	(8,073)	(30,835)	(38,908)	(46,906)
The assets and liabilities of the subsidiaries were				
Fixed assets	418,767	-	418,767	625,411
Current assets	1,083,184	207,578	1,290,762	1,567,346
Current liabilities	(1,200,963)	(116,912)	(1,317,875)	(1,454,926)
Total net assets	300,988	90,666	391,654	737,831
Aggregate share capital and reserves	300,988	90,666	391,654	737,831

* The group has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose related party transactions between the Charity and TIC International Limited as TIC International Limited is a wholly owned subsidiary and consolidated financial statements are publicly available.

NOTES TO THE FINANCIAL STATEMENTS

Resources expended

Costs of generating funds

	Activities under- taken directly	Support costs	Total	Total	Note
	2012	2012	2012	2011	
	£	£	£	£	

10. Costs of generating voluntary income

Fundraising and publicity costs	3,320,966	930,523	4,251,489	4,283,904
Campaigns and events costs				1,944,160
Protecting Life and Dignity	1,307,030	627,489	1,934,519	
Empowering Communities	270,206	129,722	399,928	
Campaigning for Change	84,111	40,381	124,492	
e-fundraising	4,143	99,699	103,842	80,846
Islamic Relief Mauritius	50,170	-	50,170	
	5,036,626	1,827,814	6,864,440	6,308,910

11. Fundraising trading cost of goods sold and other costs

	Activities under- taken directly	Support costs	Total	Total
	2012	2012	2012	2011
	£	£	£	£
Trading subsidiary costs	1,250,346	1,235,633	2,485,979	1,534,874

12 Investment management cost, waqf

	Activities under- taken directly	Support costs	Total	Total
	2012	2012	2012	2011
	£	£	£	£
Investment management cost	144,617	108,174	252,791	286,711

NOTES TO THE FINANCIAL STATEMENTS

13. Governance costs

	Activities under-taken directly	Support costs	Total	Total	Note
	2012	2012	2012	2011	
	£	£	£	£	
External audit and statutory accounts	38,400	13,293	51,693	48,719	
Legal and consultancy	109,520	33,233	142,753	146,392	
Trustees' expenses (refer to Note 14)	47,048	-	47,048	18,944	14
Risk Management	328,697	66,466	395,163	430,927	
Strengthening the Islamic Relief family	-	99,699	99,699	77,393	
General governance costs	345,169	33,233	378,402	361,200	
	868,834	245,924	1,114,758	1,003,575	

* Strengthening the Islamic Relief Family represents Islamic Relief Worldwide providing service delivery support to partners

14. Trustees' remuneration

	2012	2011
Trustees are not remunerated	£NIL	£NIL
Neither the trustees, nor any persons connected with them have received any remuneration, either in the current year or the prior year		
The Number of Trustees claiming expenses	6	8
Trustees' expenses	£	£
Meeting	4,875	8,760
Travel	36,739	10,053
Telecommunications	5,434	131
Total	47,048	18,944

NOTES TO THE FINANCIAL STATEMENTS

15 Support-cost allocation

	Management and administration		Finance		Human resources & Organisational Development		Information Communications Technology		Facilities		Procurement & Logistics		Total		Note
	2012	£	2012	£	2012	£	2012	£	2012	£	2012	£	2012	2011	
Costs of generating funds															
Costs of generating voluntary income	366,665		357,761		237,183		428,682		368,437		69,086		1,827,814	1,728,435	10
Fundraising trading – subsidiary costs	1,235,633		-		-		-		-		-		1,235,633	1,014,334	11
Investment management costs	21,700		21,173		14,037		25,370		21,805		4,089		108,174	83,972	12
	1,423,998		378,934		251,220		454,052		390,242		73,175		3,171,621	2,826,741	
Cost of charitable activities															
Campaigning for change	146,666		143,104		94,873		171,473		147,375		27,634		731,125	567,546	
Protecting Life and Dignity	53,333		52,038		34,499		62,354		53,591		10,049		265,864	283,773	
Empowering Communities															
- Access to healthcare and water	96,666		94,319		62,530		113,016		97,133		18,214		481,878	335,368	
- Caring for Orphans and children	20,000		19,514		12,937		23,383		20,097		3,768		99,699	77,393	
- Supporting Education	48,333		47,159		31,265		56,508		48,567		9,107		240,939	167,684	
- Sustainable livelihoods	48,333		47,159		31,265		56,508		48,567		9,107		240,939	167,684	
	413,331		403,293		247,369		483,242		415,330		77,879		2,060,444	1,599,448	
Governance cost															
	49,333		48,135		31,912		57,677		49,572		9,295		245,924	294,093	13
Total support costs	2,086,662		830,342		550,501		994,971		855,144		160,349		5,477,989	4,720,282	

Support costs have been allocated to each of the above activities on the basis of the number of direct staff supported during the period in the relevant activity. Governance support costs are allocated on the basis of support activities provided on clearly interpreted governance matters.

NOTES TO THE FINANCIAL STATEMENTS

16 Grants

	Grants to institutions	Total	Total
	2012	2012	2011
	£	£	£
Protecting Life and Dignity	-	-	7,100
Empowering Communities			
Supporting Education	27,705	27,705	-
Providing Access to Healthcare and Water	-	-	63,000
Total grants paid	27,705	27,705	70,100

In 2012 there was a grant to MOSAIC for Prisoner Rehabilitation programme. 2011 grants were £30,000 to International Health Partners for Medical Supplies to Pakistan, £5,000 to Muslim Youth Helpline, £13,000 to Nida Trust and £20,000 was a Business in the Community grant. Grants to individuals 2012 (£NIL), 2011 (£2,100).

17 Net incoming resources

	Total	Total
	2012	2011
	£	£
This is stated after charging/(crediting)		
Auditors' remuneration	32,000	32,000
Depreciation	475,298	469,338
Amortisation	-	17,673
Profit/(Loss) on disposal of tangible assets	-	(3,800)
Operating leases: rental other than plant and machinery	212,700	142,450
Exchange (gain)/loss	201,559	360,295

Auditors' remuneration relates solely to audit services

	2012	2011
	£	£
Fees payable to company's auditors for the audit of the company's annual accounts	28,000	28,000
Fees payable to company's auditors for the audit of the company's subsidiaries pursuant to legislation	4,000	4,000
Total audit fees	32,000	32,000

NOTES TO THE FINANCIAL STATEMENTS

18 Staff costs and emoluments

	Group	Charity	Group	Charity
	2012	2012	2011	2011
	£	£	£	£
Gross salaries	6,992,617	7,173,759	7,222,745	6,166,921
Employers' National Insurance	670,181	596,739	602,716	530,607
	7,662,798	7,770,498	7,825,461	6,697,528

Average number of employees	Group	Charity	Group	Charity
	2012	2012	2011	2011
	Number	Number	Number	Number
Engaged in charitable activities	97	97	84	84
Engaged in publicity activities and awareness-raising	18	18	18	18
Engaged in fundraising activities	77	77	77	77
Engaged in management and governance activities	13	13	13	13
Engaged in support activities	77	77	73	73
Engaged in trading subsidiaries	92	-	83	-
	374	282	348	265

Employee numbers do not include trustees/directors since they are not paid employees

The number of employees with emoluments in excess of £60,000 per annum 2012: 1 (2011: Nil)

Employee expenses

Employees are only reimbursed expenses when incurred wholly and exclusively associated with travel in fulfilling the objectives of the organisation. Our objectives are based on the core aims. Our core aims are: 1. Protecting Life and Dignity, 2. Empowering Communities, 3. Campaigning for Change, 4. Strengthening the Islamic Relief Partnership.

19 Intangible assets Group and Charity

	Group trademarks 2012
	£
Cost	
At 1 January 2012	188,026
Additions	-
At 31 December 2012	188,026
Accumulated amortisation	
At 1 January 2012	(42,786)
Charge for the year	(17,857)
At 31 December 2012	(60,643)
Net book value	
At 31 December 2012	127,383
At 31 December 2011	145,240

Trademarks are depreciated over their economic life of 10 years

NOTES TO THE FINANCIAL STATEMENTS

20. Group Tangible assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and office equipment	Motor vehicles	Total
Group	£	£	£	£	£
Cost/Valuation					
At 1 January 2012	6,058,181	384,383	2,607,268	209,467	9,259,299
Additions	91,566	55,909	147,890	45,401	340,766
Disposals	-	-	-	(6,711)	(6,711)
At 31 December 2012	6,149,747	440,292	2,755,158	248,157	9,593,354
Accumulated depreciation					
At 1 January 2012	868,154	208,930	1,877,802	125,877	3,080,763
Charge for the year	130,081	34,704	274,815	35,698	475,298
Disposals	-	-	-	(6,711)	(6,711)
At 31 December 2012	998,235	243,634	2,152,617	154,864	3,549,350
Net book value					
At 31 December 2012	5,151,512	196,658	602,541	93,293	6,044,004
At 31 December 2011	5,190,027	175,453	729,466	83,590	6,178,536

Freehold property is valued at historical cost and depreciated. Freehold properties includes properties held by Islamic Relief for its own use and that of its trading subsidiary.

21. Charity Tangible assets

	Freehold land and buildings	Fixtures, fittings and office equipment	Motor vehicles	Total
Charity	£	£	£	£
Cost				
At 1 January 2012	5,997,855	2,527,165	115,274	8,640,294
Additions	-	122,554	16,900	139,454
At 31 December 2012	5,997,855	2,649,719	132,174	8,779,748
Accumulated depreciation				
At 1 January 2012	856,123	1,826,082	69,843	2,752,048
Charge for the year	119,958	264,400	18,105	402,463
At 31 December 2012	976,081	2,090,482	87,948	3,154,511
Net book value				
At 31 December 2012	5,021,774	559,237	44,226	5,625,237
At 31 December 2011	5,141,732	701,083	45,431	5,888,246

All assets are used for charitable purposes and there are no inalienable or heritage assets.

NOTES TO THE FINANCIAL STATEMENTS

22 Investments

	Total Group	Total charity
	£	£
As at 1 January 2012	397,121	492,986
Additions	-	-
Revaluation	-	81,282
Increase/(decrease in value)	(8,163)	-
As at 31 December 2012	388,958	574,268

The investment in the charity relates to Islamic Relief Worldwide's investment in its subsidiary TIC International Limited. TIC International Limited provides clothing recycling services. TIC International Limited is incorporated in the United Kingdom.

The Investment in Properties refers to two properties.

The Investment in SIF Invest relates to Islamic Relief Worldwide's investment in SIF Invest, incorporated in France. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. SIF Invest is treated as a subsidiary in the group accounts. The decrease in value relates to the movement of profit and loss and exchange difference. The property is situated in France and has been revalued on an open market value by Catella Valuation FCC France, on 31 December 2011 at £400,000 (£335,121). The historic cost of the property in 2000 was £252,000.

The second investment property is located in Bradford, UK and valued at £62,000. This property was gifted to Islamic Relief.

23 Stocks and work in progress

	Group	Charity	Group	Charity
	2012	2012	2011	2011
	£	£	£	£
Donated Clothing	80,884	-	76,794	-
Humanitarian Supplies	9,719	9,719	67,748	67,478
	90,603	9,719	144,542	67,478

Stocks held by the charity relate to emergency supplies to facilitate immediate response to disasters.

24. Debtors

	Group	Charity	Group	Charity
	2012	2012	2011	2011
	£	£	£	£
Trade debtors	261,519	1,940	307,844	2,683
Amounts owed to group undertakings	-	546,048	-	879,338
Other debtors	19,521,491	19,363,234	7,503,248	7,397,685
Prepayments	271,934	196,080	163,320	129,382
	20,054,944	20,107,302	7,974,412	8,409,088
Amounts falling due more than one year are included in				
Other debtors	2,380,631	2,380,631	1,571,343	1,571,343

Amounts due from associated and subsidiary undertakings included £522,406 gift aid payment from TIC International Limited (2011: £823,123).

Other debtors represent amounts owed by partners for costs incurred on their behalf for operational matters. Other debtors include £5 million DFID UK Aid match funds and £4 million Gift Aid.

NOTES TO THE FINANCIAL STATEMENTS

25 Creditors

	Group	Charity	Group	Charity
	2012	2012	2011	2011
	£	£	£	£
Creditors amounts falling due within one year				
Trade creditors	938,734	346,560	475,485	64,916
Other creditors	3,531,940	3,831,050	594,694	548,981
Bank loan < 1 year	200,004	200,004	200,004	200,004
Accrued expenses	61,528	54,378	86,401	57,195
PAYE and National Insurance	263,330	162,247	235,790	145,691
Unpaid pension contributions	997	997	1,130	1,130
	4,996,533	4,595,236	1,593,504	1,017,917

Creditors amounts falling due after more than one year

Bank loan > 1 year	916,645	916,645	1,116,649	1,116,649
--------------------	----------------	----------------	------------------	------------------

Other creditors represents amounts due to Islamic Relief Implementing partners for projects committed to and implemented during 2012

The bank loan is for a term of 10 years, although the loan agreement allows Islamic Relief Worldwide to repay lump sum repayments. In accordance with the terms of the agreement, a fee of 1.75% above the base rate is payable if the loan amount exceeds the aggregate credit balances as agreed. The bank loan is secured on the Waterloo premises.

Supplier payment policy and practice: payments are made in accordance with terms and conditions agreed between Islamic Relief and its suppliers, provided the supplier is also complying with the relevant trading terms.

26. Commitments

	Group	Charity	Group	Charity
	2012	2012	2011	2011
	£	£	£	£
Operating leases other than plant and machinery				
Expiring				
Less than one year	13,200	13,200	24,250	24,250
Between 2-5 years	-	-	13,200	13,200
More than 5 years	199,500	199,500	105,000	105,000
Total	212,700	212,700	142,450	142,450

As at 31 December 2012, the group had no capital commitments (2011: £nil)

27. Pension costs

The charity operates a group personal pension scheme which effectively means that all employees who join the scheme have their own pension plan. It is not a company pension scheme.

NOTES TO THE FINANCIAL STATEMENTS

28. Analysis of assets and liabilities representing funds

At 31 December 2012	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total
	£	£	£	£	£
Group					
Tangible and Intangible fixed assets	-	1 788 669	-	4,771,677	6,560,346
Assets	19,440,615	-	22,169,720	-	41,610,335
Liabilities	(5,913,179)	-	-	-	(5,913 179)
	13,527,436	1,788,669	22,169,720	4,771,677	42,257,502

29. Unrestricted funds

	General reserve	Designated: Fixed Assets	Total
	£	£	£
Balance as at 1 January 2012	7,639,359	2,221,752	9,861,111
Net incoming resources	5,291,647	-	5,291,647
Movement to restricted funds*	163,346	-	163,346
Movement between funds**	433,083	(433,083)	-
Balance as at 31 December 2012	13,527,436	1,788,669	15,316,105

*Designated Fixed Assets reclassified to General reserve

NOTES TO THE FINANCIAL STATEMENTS

30. Restricted income funds

	Opening Balance	Income	Restricted Expenditure	Associated Expenditure	Unrestricted Expenditure	Total 2012	Total 2011
	£	£	£	£	£	£	£
Appeal funds							
Protecting Life and Dignity	15,642,914	47,634,524	44,217,867	5,089,138	39,855	14,010,288	15,642,914
Empowering Communities							
Caring for Orphans and Children in Need	2,737,328	11,783,842	10,985,938	1,403,934	191,690	2,322,988	2,737,328
Supporting Education	591,431	2,905,650	2,908,578	371,466	341,530	558,567	591,431
Providing access to Healthcare and water	3,216,711	9,557,640	9,154,013	1,525,912	953,499	3,047,925	3,216,711
Sustainable livelihood	1,208,354	13,942,919	11,983,796	1,847,741	910,216	2,229,952	1,208,354
Total	23,396,738	85,824,575	79,250,192	10,238,191	2,436,790	22,169,720	23,396,738

Restricted funds are funds subject to specific trusts which have been declared by the donors at the time of donation or created through legal process. All restricted funds of Islamic Relief Worldwide have been used to implement specific humanitarian projects in particular areas of the relief stated above.

Zakat funds (annual religious payments by able Muslims to help the poor) have been used to cover shortfalls in emergency health, sustainable livelihood and water and sanitation projects implemented in various countries. Further shortfalls were covered using unrestricted funds.

31. Endowment funds

	Balance as at 1 January 2012	Total incoming resources	Return on Investments	Total available resources	Total resources expended	Transfer	Balance as at 31 December 2012
Endowment funds	£	£		£	£	£	£
Protecting Life and Dignity	283,148	9,778	19,467	312,393	2,983	15,573	293,837
Empowering Communities	4,215,998	361,472	297,952	4,875,422	249,809	147,773	4,477,840
Total	4,499,146	371,250	317,419	5,187,815	252,792	163,346	4,771,477

Waqf funds are permanent endowment funds that are held within the charity to generate further funds. These are currently invested in the properties of Islamic Relief Worldwide. Waqf investments give a 7% annual return on capital from which projects are implemented for the purpose of waqf shares. A proportion of the return is also added back to the capital to ensure growth for reinvestment in future years. In 2012 income from these waqf investments amounting to £317,419 will finance future long-term sustainable humanitarian development projects. Of this £163,346 has been transferred to unrestricted funds to finance future humanitarian development projects.



Islamic Relief Worldwide

19 Rea Street South

Birmingham

B5 6LB

United Kingdom

Tel: +44 121 605 5555

Fax: +44 121 622 5003

irw@irworldwide.org

www.islamic-relief.com

Registered Charity No. 328158

Registered Company No. 02365572