

Annual Report & Financial Statements

Year ended 31 December
2007

Islamic Relief Worldwide & Subsidiary Undertakings

(Company Limited by Guarantee)

Company No 2365572
Registered Charity 328158



Vision

A caring world where the basic requirements of people in need are fulfilled

Mission

Inspired by Islamic values, Islamic Relief Worldwide works to

- Assist individuals, groups and institutions to develop safe and caring communities
- Help the poor to enjoy self-reliance, with dignity
- Make it possible for those who wish to support others to reach people in need of their help

We do this by

- Providing assistance regardless of race, colour, political affiliation, gender or belief, and without expecting anything in return
- Working to mitigate the affect of disasters, preparing for their occurrence and responding by providing relief and rehabilitation
- Promoting sustainable development through programmes in education, health and nutrition, water and sanitation, and income generation
- Advocating on behalf of the poor
- Committing ourselves to harnessing our outputs and outcomes to achieve the Millennium Development Goals (MDGs)

Trustees Report / Directors Report

Contents

4	- Introduction
6	- Report of Directors/Trustees
8	- Achievements and performance in 2007
24	- Future activities
25	- Structure, governance and management
32	- Financial and business review
38	- Auditor's report
40	- Consolidated statement of financial activities
41	- Consolidated and charity balance sheets
43	- Notes to the financial statements

Letter from the Chair

As salamu alykum,

During 2007 there were intensive discussions in the UK concerning the definition of charitable organisations, including the emergence of the public benefit test. We were visited by the Chair of the Charities Commission, Dame Suzi Leather and the Chief Executive, Andrew Hind to discuss these changes. Although we had little concern about the Charities Bill and the impact on our work, we were able to raise concerns about the potential defamation of Muslim charities. In particular, discussions on the ways to protect the charitable sector as a whole and the reputation of charities, especially Muslim charities, were important to Islamic Relief. Trustees of any organisation always focus on risk mitigation, but as a Muslim charity it is also important for us to focus on the potential risks posed to our reputation.

The work that we do always prioritises those who are in need of our assistance. We are also careful to ensure that the service we offer our supporters is of the highest standard, as they put their trust in us to effectively deliver. To ensure that we are able to meet the expectations of all our stakeholders, in 2007 we embarked on a system of quality assurance that covers all aspects of our work. We hope that this will enable us to measure the progress of the organisation over the coming years in an effective manner.

Islamic Relief has a proud history of delivering emergency relief as well as carrying out development projects. Recently we have also begun research into humanitarian issues, contributing an Islamic perspective to the international debates. One of our priorities in this area is developing an Islamic response to the HIV pandemic. This resulted in the International Consultation on Islam and HIV/AIDS held in South Africa. One of the outcomes of the consultations was the establishment of a body funded by Muslim donors that will continue to develop Islamically appropriate ways to respond to HIV.

Islamic Relief is proud that it can count some of the most experienced and dedicated humanitarian workers from around the world as a part of its team. Without them, we would not have grown to be the organisation we are today. This report reflects on the efforts and dedication of thousands of people who have worked as part of our relief and development projects. We are grateful to all our staff and to our dedicated supporters, who have all invested so much in Islamic Relief.

At the end of 2007, Dr Samir Zahir, one of the founding Trustees and former Chair, retired from the board. He saw Islamic Relief grow from its small beginnings to become the organisation it is today. We would like to thank him for his dedication and welcome our new trustees who joined this year.

Dr Essam El Haddad
Chair
Board of Trustees
Islamic Relief Worldwide

Letter from the CEO

As salamu alykum,

In 2007, Islamic Relief committed to a new three year strategy. This strategy, 'Working for change' sets out the ways in which we will work to more effectively meet the ever-changing needs of the world's poorest people. Our strategy and our work are shaped by our core values, accountability, humanitarianism, neutrality, inclusiveness, integrity and cooperation. These values are shaped by our faith which is the basis of everything that we do.

Our strategy for 2007 to 2009 sets out our six core aims. These are:

- Caring for vulnerable children**
- Responding to emergencies**
- Supporting education**
- Providing access to healthcare, water and sanitation**
- Promoting sustainable livelihoods**
- Campaigning and advocacy**

The following Annual Report for 2007 demonstrates how we have worked towards each of these aims over the last 12 months, looking at our development and relief projects and the achievements that we have made. We work with communities who have experienced conflict, natural disaster, food shortages or endemic poverty to ensure that they can achieve positive and sustainable development. This Report also contains information about the finances of the organisation for the last year. The finances reflect the continued growth of the organisation that stems from the support and generosity of our supporters.

The end of 2007 saw the massive Cyclone Sidr strike southern Bangladesh, taking the lives of thousands and disrupting the lives of millions more. The damage could have been worse had not been for the disaster preparedness work carried out by aid agencies including Islamic Relief. Our humanitarian work also extends to many parts of the world that continue to experience conflicts. In particular, we continue to work for the people of Afghanistan, Iraq, Darfur, Gaza, Chad and Somalia that count amongst the most dangerous places for aid workers.

Our rehabilitation and reconstruction work in countries affected by the tsunami and the Asia earthquake continued throughout 2007. Our work in Sri Lanka was completed in 2007 after delivering over 240 new homes. We are also nearing a time where we can hand our projects in Aceh, Indonesia over to the local community, while rehabilitation work in Pakistan will continue throughout 2008.

During 2007 Islamic Relief entered a new phase in its advocacy work by organising the "International Consultations on Islam and HIV/AIDS" held in South Africa in November. For too long Muslim aid agencies have been largely silent on the issue of HIV, despite evidence that shows Muslim communities are deeply affected by the disease. It is not only important that Muslims living with HIV are able to access the support and care they need, but that Muslim voices are also heard in the international discourse on the subject. We hope that these Consultations will prove to be a catalyst for this important and necessary work.

None of our relief or development work would be possible without our donors and without the wider Islamic Relief family. I would like to take this opportunity to thank everybody who has played a part in making a positive difference to the lives of so many people around the world by supporting our work. We hope that this support continues and grows over the next 12 months to help us reach more individuals and communities in need.

Peace be with you

Haroun Atallah

CEO

Islamic Relief Worldwide

Directors/Trustees Report

Organisational aims in 2007

Islamic Relief works to relieve the suffering of the world's poorest people by providing emergency relief and supporting sustainable development. During 2007 we continued to meet these aims by providing humanitarian aid to those affected by conflict in Iraq, Somalia, Darfur and the Occupied Palestinian Territories amongst others. We also responded to natural disasters in Pakistan, Bangladesh and Sudan, and continued to meet the needs of those affected by the tsunami in Indonesia and Sri Lanka.

In 2007 we also continued to work towards the aims of Millennium Development Goals by helping to reduce poverty and increase access to basic services in some of the world's poorest countries. We now have development projects in 20 countries worldwide. These projects are helping people to meet their needs for food, clean water, quality healthcare, education and the means to make a living.

Responding to emergencies

The impact of emergencies is often most devastating in the world's poorest countries where people often lack the resources to rebuild their lives. We aim to respond effectively to natural and man-made disasters and to reduce their impact by:

- Developing our organisational capacity to respond effectively to emergencies
- Reduce vulnerability through disaster preparedness programmes and food supply projects

Supporting education

Education is key to ensuring long-term development for poor communities. We aim to support access to educational opportunities by promoting formal and vocational education.

Providing access to health and water

Poverty and ill-health often go hand in hand, either because of a lack of healthcare services or because of a lack of safe water. We will help to improve the health of the communities we work with by:

- Increasing access to appropriate, clean and sustainable water and sanitation facilities, as well as increasing knowledge of hygiene practices
- Providing healthcare services and awareness training, with an emphasis on caring for mothers and children

Promoting sustainable livelihoods

Ensuring people can make a living is key to helping them move out of poverty. We are working to alleviate poverty and increase the economic, social and physical capacity of communities to sustain their livelihoods.

Caring for orphans and children in need

Children who have lost their parents or who face extraordinary challenges such as conflict, displacement or HIV, may struggle to meet their basic rights. We provide support to orphans and other vulnerable children to help them realise their full potential.

- We do this by offering a comprehensive orphan support and child welfare programme, including education, healthcare, social welfare and suitable shelter.

Campaigning and advocacy

We believe effective partnerships are key to alleviating global poverty. Over the years we have increased our work with other international NGOs, speaking out against poverty and raising awareness about the issues facing those we work with. We do this by:

- Policy development, awareness-raising, research, lobbying and campaigning
- Increasing awareness of Islamic humanitarian values
- Increasing awareness of our inclusive approach

Where we work

We have projects in

**Albania
Afghanistan
Bangladesh
Bosnia-Herzegovina
Chad
China
Egypt
Ethiopia
India
Indonesia
Iraq
Jordan
Kenya
Kosova
Lebanon
Malawi
Mali
Niger
Occupied Palestinian Territories
Pakistan
Russian Federation (Chechnya)
Somalia
South Africa
Sudan
Yemen**

We have fundraising partners in

**Belgium
France
Germany
Italy
Malaysia
Mauritius
Netherlands
South Africa
Sweden
Switzerland
United Kingdom
United States**

Achievements and performance in 2007

Protecting communities from disaster

Globally, natural disasters such as floods and drought are becoming more frequent and are increasing in intensity as climate change continues to wreak havoc around the world. It is usually the poorest countries who are most affected by these disasters and who are the least able to cope. If a disaster hits a community, we are prepared to react immediately, providing those affected with essential emergency items. We also work with vulnerable communities to help them mitigate the effects of any future disaster.

Long after the world's attention has turned from an emergency, we are still there, working to help people rebuild their lives, providing them with schools, homes, healthcare and clean water.

As drought and other disasters deplete natural resources so the number of conflicts around the world are increasing. We work with communities who are living with conflict or who bear its scars, helping them to meet their basic needs and build stronger communities.

Natural disaster

In June 2007 a cyclone hit the Balochistan region of Pakistan causing severe flooding that washed away around 400,000 homes. 2.5 million people were affected by the disaster, with many left without clean water, shelter or food. We were already working in remote areas of Balochistan when disaster struck so were able to rapidly respond to people's needs. Immediately after the cyclone we provided rescue services to those who were stranded. Over the coming weeks we provided over 6,500 families with temporary shelter, emergency food, kitchen sets, jerry cans and hygiene kits. We also carried out hygiene training to keep people safe from disease and ran emergency medical camps in areas without access to healthcare.

In order to mitigate the effects of future disasters such as drought or flooding on the local communities in Balochistan, we worked with community organisations to build local capacity and to raise awareness about disasters.

Cyclone Sidr

In November 2007 Cyclone Sidr struck southern Bangladesh. This was the worst disaster to hit Bangladesh for many years, killing around 3,500 people, injuring 40,000 and destroying over 1.5 million homes. The force of the cyclone also destroyed over 2 million acres of farmland and 90 per cent of the fishing industry, leading to fears that there could be long term food shortages and rising rates of malnutrition.

We responded to people's needs for emergency food by distributing food parcels, and other emergency items to over 46,000 people in Bagerhat and Patuakhali. And in order to help those who had lost their homes we provided around 30,000 affected families with temporary accommodation.

To provide medical assistance to those affected by the cyclone in Bangladesh we set up emergency health camp which provided care to over 2,700 people.

Just days after Cyclone Sidr, *Habib Malik* and *Shaista Chisty* from Islamic Relief travelled to visit the worst affected areas in the south of the country. In extracts from her diary Shaista throws light on the destruction caused by the disaster and Islamic Relief's work with local communities.

"In the village of Patuakhali, Islamic Relief had set up a medical clinic that was helping up to 250 people a day. A dedicated medical team were working day and night to help the injured. Dr Raqib told us that the common issues at the clinic were diarrhoea, skin diseases, respiratory tract infections and cases of malnutrition.

"Jahid had walked the rough roads for a mile to get to the clinic with her small baby in her arms. The doctor checked her blood pressure and found that it was dangerously low as a result of malnutrition. I wondered how she would walk home or even how she had made it here in the first place. But like the other many women at the clinic she had amazing strength which had carried her far."

Long-term conflict

In 2007 we began work in eastern Chad, providing support to people who had fled violence inside the country and in Darfur. Working in Haouich and Am Dam we provided 3,000 internally displaced people and the communities they had settled in with emergency relief. This included shelters for 2,000 displaced families and emergency food supplies for 3,300 families. In addition, we also distributed emergency supplies such as mosquito nets, sleeping mats, blankets and kitchen kits to almost 4,000 families.

Darfur

Since 2004, we have been working in the conflict ravaged region of West Darfur, running the Kerinding II camp in El Geneina. In 2007 we continued to support the camp by providing healthcare, education, clean water, sanitation facilities and nutritious food. In 2007 we also expanded our work to support the local host population in El Geneina. This included providing hand pumps, latrines and medical care. We also provided shelter within the camp to 1,000 internally displaced families who had been sheltering on the outskirts of El Geneina town.

In 2007 we built a new health clinic in Kerinding II camp which now provides medical care, including maternal and child care to over 30,000 people. To supplement this 8,755 people in the camp and surrounding community also benefitted from ante-natal and HIV awareness training. And to improve the health of women in the camp further we trained 40 mid-wives and gave 60 mid-wives refresher training.

Case Study

Fatima's new home

Fatima, 60, lives in a small shack next to her two daughters and five grandchildren on the outskirts of El Geneina town, Darfur. She fled her home village in 2004 when it was attacked and her three sons were killed. She managed to escape to El Geneina with no possessions and no one to protect her.

The area of El Geneina where Fatima lives has no clean water and she is not strong enough to walk to the nearest water point. Her grandchildren have to collect water for her and their families every day. No one in the family has a stable job. Sometimes her daughters will find work making bricks which means they can afford to buy firewood, otherwise they have to do without.

There is no money available for Fatima's grandchildren to go to school, so they are not able to get an education.

Like many other displaced people living in El Geneina, Fatima and her family have not been accepted by the host community. Coping with so many displaced people is difficult for a town where resources are already stretched to breaking point. Since 2006 the owner of the land she is living on has made repeated attempts to move her on. He does not want displaced families like Fatima's to build permanent homes on his land, but displaced families like Fatima's have nowhere else to go.

In 2007 Fatima and her family were relocated by Islamic Relief to the Kerinding II camp. Although what Fatima really wants is to return to her home village, living in the camp will mean she has access to food, clean water and healthcare. And finally her grandchildren will be able to go to school.

Somalia

Somalia has had no effective government for many years and the situation in the country is considered to be one of the world's worst humanitarian crises. Despite a worsening security situation we are still working in the country, providing support to people who have fled violence in the capital city of Mogadishu.

During 2007, we provided 200,000 litres of clean water every day to people living in four camps outside Mogadishu, helping to reduce the prevalence of waterborne diseases. We also worked with UNICEF to provide education to internally displaced children in Afgooye, supplying large tents that can serve as classrooms, books, teaching equipment and training teachers.

Iraq

Since 2003 the humanitarian situation in Iraq has been deteriorating rapidly. More than half of the population now survive on less than \$1 a day and over 60 per cent are unemployed. Around one quarter of Iraqis are malnourished and many more are food insecure. During 2007 we continued to work with the Iraqi population providing them with emergency assistance. Over the year we provided more than 46,000 people, many of whom were internally displaced, with emergency food rations and other relief items such as blankets, mattresses, plastic sheeting and hygiene kits.

In Iraq, less than one third of the population has access to clean drinking water, putting people at risk from waterborne diseases. During 2007 we worked to provide more people with access to safe water by repairing four water treatment plants. These now provide water to over 34,000 people. We also repaired the sanitation facilities in ten Iraqi schools which has helped to increase attendance rates. To improve the health of young children we also distributed hygiene kits to 5,000 primary school children and carried out dental health care sessions in ten rural schools in Erbil.

Lebanon

In May 2007 violence broke out in the Nahr Al Bared Palestinian refugee camp in northern Lebanon. The fighting forced 35,000 Palestinian refugees from their homes and into the nearby Baddawi camp. To help with the influx of refugees into the Baddawi camp, we delivered 45,000 litres of clean water every day. We also provided local health clinics with emergency supplies of medicine, distributed hygiene kits and set up emergency health camps for the refugees.

In October 2007, people were able to return to their home in the Nahr Al Bared camp. However, many houses had been seriously damaged. We helped to disinfect and clean people's homes, removed the debris from the streets and helped to repair the damaged sewage system. We also continued to provide people with access to clean water.

During 2007 we delivered a total of four million litres of clean, safe water to Palestinian refugees in the Baddawi camp, northern Lebanon.

Rebuilding communities

In the immediate aftermath of disasters such as the tsunami or the South Asia earthquake, people are desperate for shelter, medical care and access to clean water. Providing these basic services can help ensure people survive this traumatic time.

However, with time people also need assistance rebuilding the lives they have lost – their homes, schools, clinics, playgrounds and livelihoods. We help in this reconstruction process by working with communities to ensure they have the services and support they need to become self-sufficient once again.

Indonesia

We have been working with the communities in Aceh, Indonesia for three years. By 2007 most of our reconstruction work was complete.

When the tsunami struck Aceh, over half a million people lost their homes, ending up in camps or temporary barracks. Many people, especially those who did not own their own land, have found it difficult to get a home of their own. We have been building houses for families affected by the disaster, prioritising the most vulnerable such as female-headed households. During 2007 we completed the construction of 442 houses, bringing the total number of homes we have built in Aceh to 846.

Local communities have been involved in the planning and construction process of the new houses from the very start, to ensure they are acceptable and sustainable. In addition, the houses have also been built to limit damage if there is another disaster and they are all earthquake resistant. All the houses are provided with water and sanitation facilities to meet communities' long-term needs.

Despite efforts to re-house all those affected by the disaster, in 2007 there were still some people living in temporary accommodation. To help meet these families' needs we provided 135,000 litres of clean water every day to more than 19,000 people living in camps and barracks.

As well as providing sustainable housing to tsunami affected families, we have also been providing for their other basic needs such as healthcare and education. In 2007, we finished the construction of seven new health centres and repaired 31 damaged clinics. We also trained 50 health professionals and carried out HIV awareness training for more than 1,100 people.

In addition, nine new schools were built and ten rehabilitated, and 100 teachers been provided with training. This ensures that children are now able to access quality education.

Sri Lanka

During 2007 we continue to monitor the 242 permanent homes that we had built the year before for tsunami affected families in Sri Lanka. We also finished the construction of new housing blocks in the Kalmunai Muslim and Kalmunai Tamil in Ampara district. In addition we provided clean water to people living in temporary camps and completed the construction of wells and latrines in order to reduce the risk of waterborne disease for local communities.

Pakistan

Since the earthquake in South Asia in 2005, it has been important to provide people with cost-effective housing in order to help them rebuild their lives. We have assisted in this process by distributing money from the government to over 9,000 of the most vulnerable families affected by the disaster.

In order to help communities construct earthquake resistant houses we provided training to more than 1,300 local masons, carpenters, plumbers and steel workers. We have also set up 380 community-based organisations which are making positive steps to re-develop their communities. To assist in this process we have provided them with capacity building support, and training in first aid, sustainable livelihoods and agricultural techniques.

As well as damaging people's homes, the earthquake also destroyed access to basic services. In 2007, we completed the reconstruction of nine water supplies and repaired 36 earthquake damaged water and sanitation systems. We also established 13 emergency medical centres and emergency response units to help people access essential medical care. To provide local people with a source of income we employed more than 55,800 people in cash for work schemes including building walls, levelling land and clearing debris.

Challenging inequality in education

Education is a basic human right and provides children and young people with the skills they need to ensure they have productive and healthy futures. However, many of the world's children, are still denied this most fundamental human right. Poverty, a lack of infrastructure, conflict and HIV all mean that around 72 million primary school aged children are currently not in school and many more only attend irregularly.

Working to meet the Millennium Development Goals, we help more children go to school, providing them with a more positive future. We do this by building new schools, training teachers, providing educational supplies and supplying children with nutritious school meals. We prioritise the needs of the most vulnerable children, including girls, those living in conflict areas and rural communities.

Providing education for nomadic communities

In Mali, very few children ever go to school and only 17 per cent of girls can read or write. In Gourma Rharous in northern Mali literacy rates are as low as 10 per cent. We work in Gourma Rharous to increase access to basic education for children who may otherwise not be able to go to school. Many children in this area come from nomadic families who move around the region according to the seasons. As the children are not settled in one place they find it hard to go to school and are often expected to work to help the family.

In 2007, we built three new classrooms and rehabilitated three more at schools in Mali. We also supplied ten schools with teaching materials and nutritious school meals, which help encourage children to enrol and consistently attend school. To help the wider community, we also provided community members with adult literacy classes.

Teacher training in Afghanistan

In Afghanistan years of conflict have severely damaged the country's education system. There is a shortage of schools, equipment and qualified teachers. Although school enrolment has increased over the last few years, pervasive gender inequality makes it especially difficult for girls to go to school, a situation compounded by a lack of female teachers. Consequently the enrolment rate of primary school aged girls is half that of boys the same age and only around one in five girls can read and write.

We work in southern Afghanistan in Kandahar to improve the quality of education by training teachers and supplying teaching materials. Kandahar has some of the worst education standards in the country and suffers from a serious shortage of qualified teachers. In 2007, we provided training to over 580 teachers and 30 master trainers, who will in turn train even more teachers. Those we trained now have a better understanding of teaching methodologies, lesson planning and ways to motivate children. This has benefitted over 23,000 children in 50 schools.

Schools bring hope in Chechnya

In 2007 we completed the reconstruction of Komsomolskaya School in Chechnya in the Russian Federation. The school had been destroyed when the village was attacked in 2000. All the villagers fled and when they began to return they found that their children had nowhere to study.

For several years children had lessons in cramped and unhygienic temporary classrooms, with lessons taught in three shifts. This situation is not uncommon in Chechnya. Around 470 schools have been destroyed since the start of the conflict, but few have been rebuilt. This means that many children have no regular education.

The new school was opened in September 2007 in time for the new school year. The new building has modern facilities and has the capacity to teach 640 children. This means the waiting list has now been reduced to zero. As well as providing local children with access to quality education, it has also encouraged displaced families who had not previously returned to Komsomolskaya to come back to their pre-war homes.

Case Study

New schools in Aceh

When the tsunami struck Aceh in 2004, over 2,000 schools were destroyed and many more seriously damaged. Tragically thousands of teachers and students also lost their lives and many children were left with the prospect of being unable to complete their education.

The Suak Pandan elementary school in Meulaboh was one of the schools that was completely destroyed by the tsunami. The head-teacher of the school is 55-year-old Rosnia, who, like many others in the region lost everything in the tsunami, her house, her belongings and her beloved school.

Nine months after the disaster Rosnia started teaching at the temporary school set up by Islamic Relief in one of the emergency camps. Here she taught 33 children in a tent with chairs and tables donated by Islamic Relief, but what she wanted more than anything was for her old school to be rebuilt.

Islamic Relief began building the school in 2006 and the new Puak Sandan school was opened in March 2007. While the old school was very small, the new building has six classrooms, offices for teachers, a clinic, library and a canteen.

"I was so touched by this beautiful new school," Rosnia said. "I always dreamed that Suak Pandan would be re-built bigger and better."

The school has a capacity to hold over 150 pupils but only 50 children attend at the moment. "I feel so sad," Rosnia explained. "Even though we have got a beautiful new school building, we only have a few pupils. This is because around half of the children in the area were killed in the disaster."

However, Rosnia has high hopes for the school in the future, and sees the younger generation as the source of that hope.

Teaching at Puak Pandan can be extremely challenging. Many of the students at the school lost their loved ones, homes and possessions in the disaster and are still haunted by it on a daily basis. Because of the trauma they have suffered, Rosnia and the other teachers have to be very patient and caring when working with them.

During 2007, we built 11 new schools in Aceh and rehabilitated a further nine. We also continued to support the schools that we had built in 2006, carrying out necessary repairs, and supplying equipment such as furniture and computers.

In order to provide children still living in temporary camps with education, we have converted three buses into mobile learning centres. These have been stocked with books and travel to camps in Meulaboh, Calang and Banda Aceh, providing children with access to learning materials.

During 2007, we helped over 5,300 children in Aceh access quality education services.

Ensuring good health

In many of the countries where we work, conflict, natural disaster or lack of investment mean people have limited access to healthcare. A lack of healthcare not only affects individuals but whole communities who have to cope with the burden of caring for those who are ill and those left behind when someone dies.

Women and children have special healthcare needs that are often neglected. Although most maternal deaths are preventable with correct healthcare and support during child-birth, over half a million women continue to die in pregnancy and child-birth every year. Despite moves to reverse this situation, in some areas HIV, conflict and deteriorating health systems mean that maternal deaths are increasing. In addition, over 10 million children under five continue to die every year, largely from diseases that are easily preventable or treatable. We work to reduce maternal and child mortality in communities, by providing access to suitable health clinics, skilled health professionals, medicine and nutritional support.

Supporting mothers in Bangladesh

In Bangladesh only 48 per cent of women have access to ante-natal care and only one in five women give birth with the help of a skilled birth attendant. We are working to improve this situation by providing essential health services including ante-natal and post-natal care, and adolescent health care, including information about HIV. In 2007, our health workers and clinics provided ante-natal care to 15,500 women.

If a woman has skilled support during child-birth she and her baby are more likely to be healthy. In 2007, skilled birth attendants trained by Islamic Relief, assisted at over 2,750 births and 400 high risk cases were referred to hospital. To help improve mother and child health further we also immunised 5,500 children under one and over 21,000 women.

In Bangladesh we provide access to information and services related to sexual and reproductive health. This enables and empowers young people to protect themselves against disease and to live healthy lives.

Maternal health in Gaza

There are only three maternity units in the Gaza Strip and all suffer from a shortage of beds and medical equipment. To address this problem in 2007 we began work to renovate the Al Shifa maternity hospital.

Although the hospital receives around 60 patients a day, there are only six beds. This situation combined with the general inability of Palestinian women to access healthcare because of escalating violence, is putting the lives of women at risk. In partnership with the UNDP we rehabilitated the hospital to improve the conditions for pregnant women. We also provided essential equipment such as delivery beds, mobile lights, defibrillators and trolleys, all of which could help to save women's lives.

We are also working to reduce the maternal mortality rate and improve the health of women and their children in the West Bank. To do this we have restored ten health clinics, as well as providing them with essential medical equipment. This has improved the quality of healthcare for over 57,000 people. We have also trained over 40 health professionals on ante-natal and post natal care to help them provide women with better medical assistance.

Case Study

Protecting mothers and babies in Pakistan

In Pakistan only around one third of all women give birth with the help of a skilled birth attendant and even less give birth in hospital. In rural areas, where clinics are often many hours walk away, these numbers are even lower.

To address this problem we have trained female community health workers who provide ante-natal care to women at local clinics and via home visits.

When Raheema Bibi from the Neelum Valley was pregnant with her youngest child she was visited by Rangeela, a local community-based health worker trained by Islamic Relief. It was during a home visit that Rangeela noticed Raheema's baby was in the breech position.

'Whilst examining Raheema I found out that the baby was in the breech position. I knew that this can lead to complications and can put the lives of the mother and baby at risk,' Rangeela said.

'At first Raheema was very upset and refused my consistent efforts to visit an obstetrician,' Rangeela continued. 'She feared that her mother-in-law and husband would not let her go. I persuaded them to come with me to the hospital where the Islamic Relief doctor explained the possible risks involved. It was then decided that Raheema should be accompanied by me to the hospital in Muzaffarabad.'

'At Muzaffarabad hospital she was examined and an ultrasound was done. In the end she had to have a caesarean delivery. Raheema was lucky because we made a timely decision and she managed to get the specialist care she needed. Other women are not so lucky, and many with complications like Raheema's die on the way to Muzaffarabad,' Rangeela said.

During 2007 our community-based health workers in Pakistan carried out health sessions and conducted home visits that benefitted over 6,300 people. They also vaccinated almost 7,000 vulnerable women and children. Five medical camps in the Neelum Valley in Pakistan-administered Kashmir were also set up which provided over 1,350 people with healthcare.

Tackling drug abuse in Iraq

Since the start of the Iraq war in 2003, the number of people using illegal drugs has risen dramatically. As the fabric of normal society has disintegrated, so people have turned to using potentially dangerous substances. In an effort to address this growing problem, we have trained 150 youth leaders to be peer educators. Peer educators help to raise awareness about substance abuse amongst youth in their community.

We have also run training sessions on violence against women, which is also a growing problem in war-torn Iraq. We are working with youth leaders from Baghdad University to form peer educator groups to help them raise awareness about the problem and to advocate for Iraqi women's rights.

Giving the gift of sight

In Pakistan, half of all cases of blindness are caused by cataracts. The loss of sight can greatly affect people's lives, preventing them from working and earning a living, but, people living with cataracts can regain their sight through a simple operation.

In line with the World Health Organisation's Vision 2020 Right to sight initiative, we have been running 'eye health camps' in Punjab, Balochistan and Pakistan-administered Kashmir. By providing eye care facilities and training eye care specialists we are helping people regain their sight. In 2007 we held seven 'eye health camps' during which over 3,380 patients were examined. Over 420 people with cataracts had their sight restored and many others were provided with glasses.

Working for clean water

Each one of us relies on water for drinking, washing and for growing food. And yet for many people finding enough water for them and their families is a daily struggle. A lack of clean water can cause serious illness such as cholera and diarrhoea, which in communities with little healthcare can be fatal.

The burden of finding and collecting water often falls on women and children. They may have to walk for many hours to find a source of water, affecting their health and their ability to make a living and get an education.

We work to provide communities with sustainable sources of clean, safe water to help improve their health and overall development. We do this by building and rehabilitating wells, installing hand pumps and constructing traditional water collection systems. We also provide communities with training on how to maintain and repair the water sources to ensure their sustainability.

Malawi

In the densely populated country of Malawi, many people face a daily struggle to find water. When they do it is often from rivers or streams that are dirty and contaminated. To address this problem, we drilled 12 boreholes during 2007 in the southern districts of Chikwawa and Nsanje. Most of these were in rural, impoverished villages, and one was dug at the Chikwawa Prison. Each borehole was fitted with a hand-pump so that the local communities now have access to clean, safe water.

Cyclical drought

Most people in the Mandera region of Kenya are pastoralists who raise livestock for food and income. However, cyclical droughts in the region regularly decimate people's herds of animals and create serious food shortages. A severe drought in 2006 wiped out around 70 per cent of people's animals to which we responded by providing emergency water, food and nutritional support. Although the region was no longer in the grip of a drought in 2007, many people still had problems finding sources of water. Women and children have to walk for many hours to find water, and when they do it is often dirty putting them at risk of serious diseases such as cholera and dysentery.

To help local communities in Mandera access water, during 2007 we rehabilitated two river-based water supply systems and two water filtration systems. We also rehabilitated two water pans and wells that had fallen into disrepair. Local people were hired to dig the water pans and lay the pipes, providing them with a much needed source of income. Completed water pans have a filtration system and a tank to store clean water, meaning people no longer have to risk their health by drinking dirty water. Animals also have separate troughs to prevent contamination.

To ensure the water sources are sustainable, we trained 18 water committees that are now managing and maintaining the new facilities. 44 Community health workers, 22 village health committees and 22 hygiene and sanitation committees were also trained during 2007 on health and hygiene practices. This has improved the health of the local population and is helping to prevent incidences of waterborne diseases.

During 2007 we carried out hygiene and sanitation campaigns in local schools which have greatly reduced the number of children suffering from diarrhoea and other waterborne diseases.

Somalia and the Somali region of Ethiopia also face regular drought and food shortages. To help tackle this problem, we provided internally displaced people in four camps in Afgooye, Somalia with 200,000 litres of water per day. This intervention has dramatically reduced the number of people suffering from waterborne diseases.

Working with UNICEF in Ethiopia, we also provided 18,500 people with access to safe water by digging new boreholes and installing hand pumps. We also constructed latrines that will benefit 500 people and organised sanitation and hygiene training for the local community.

Case Study

Overcoming water scarcity in China

As well as providing communities with access to safe drinking water, we also help people to grow food by irrigating farm land. In western China a lack of water is constraining the livelihoods of millions of Chinese farmers and is hampering wider economic development. To tackle this problem we have constructed reservoirs and are irrigating farm land to increase yield. By the end of 2007 we had laid irrigation pipes to irrigate 70 ha of land in Beilin region, tripling agricultural productivity.

60-year-old Zhang Sierde lives in Dawantou in Linxia Hui Autonomous Prefecture, Gansu Province. He lives with his wife and three children and makes a living as a farmer. However, due to the arid land he is often only able to harvest enough to feed his family. In order to make an income his son has to do odd jobs in restaurants in the nearby city.

"My village is located in a dry, mountainous region," Zhang explained, "where water shortages and scarce rainfall is common all year round. Our life depends on the natural climate. We have to cultivate large areas of land just to grow enough to feed the family, but this has led to serious soil erosion. Because of this my son has had to give up his studies and work to support the family."

Islamic Relief has already constructed a water pumping station in the village which provides 5,000 local people such as Zhang with clean drinking water. We are now working to irrigate farm land in the region.

"The irrigation of my farm will increase the amount of grain I harvest and help ensure I can feed my children," he said. "This increased yield will also increase our income, enabling me to send my children to school."

"Our community has been involved in planning the project as well as helping to dig the ditches for the pipeline and installing the irrigation equipment," Zhang explained. "After the project is completed we will also help to operate and maintain the system, as we are already doing with the water pump. I am pleased to be able to contribute to the project, as it will benefit us very much."

In order to help local communities in China access clean drinking water we are also building water cellars. Water cellars are a traditional Chinese method of gathering water during the rainy season and storing it for use during the dry season. Although these are an effective method of securing access to water, many poor families cannot afford to build them and rely on water sources such as rivers, which may be contaminated. During 2007 we built 496 rainwater cellars and 348 concrete catchments in China that now provide over 1,570 people including Zhang with a safe source of water near their home.

Promoting sustainable livelihoods

We work to help ensure people in some of the world's poorest countries have the skills and support to make a decent living. This can help people access basic services such as education and healthcare, and can ensure a better future free from poverty for them and their families.

One of our most successful projects that help people access employment opportunities are our micro-finance programmes. Through these programmes we provide individuals and community organisations with interest-free loans which they use to start or expand their business. We also provide business support and training to ensure people have the skills they need to make their business a success.

Income generation in Bangladesh

In Bangladesh we have been working for many years in Rangpur and Sunamganj, to support community organisations to start income generating activities. Community organisations, or *samities*, are provided with loans and are also encouraged to set up savings schemes. These are used to start small scale businesses in areas such as poultry rearing, fishing, vegetable cultivation, boat making, tailoring and shop keeping.

Many of the groups that are formed are made up entirely of women, helping to empower them within their communities. We provide members with skills training to help them increase their outputs as well as education in topics such as hygiene and sanitation.

In 2007, we provided over 3,500 people in Bangladesh with small loans and over 1,200 with skills training. This has helped to increase employment opportunities in the communities where we work, helping families to meet their basic needs.

26-year-old Tanzim and 30-year-old Al Amin run a mobile servicing shop in Dhaka, Bangladesh. They both gained training and business support through our vocational training programme which provides people with the skills to start their own business.

Before he started vocational training, Tanzim lived on the streets. He had little education and no way to make a decent living. Now he is able to make enough money to support himself and his family.

Al Amin on the other hand came from quite a well-off family. His father was a business-man, but when Al Amin was still quite young he lost everything. This meant Al Amin had to stop his education. However, by joining our vocational training programme he was able to gain the skills necessary to run a successful business of his own.

Promoting enterprise in Sudan

In southern Sudan years of civil war, under-development and crippling poverty mean basic services in many regions of the country are seriously lacking. With little access to education or resources, many people find it difficult to make a living.

In 2007 we began a small scale enterprise initiative with women in Kordofan. We established new credit groups amongst local women, providing them with small loans and helping them establish savings accounts. In the southern region of Juba, we also began distributing loans to women, enabling them to start income generating activities.

In the Blue Nile state of eastern Sudan war destroyed most of the basic services and left one quarter of the population displaced. In this region people struggle to make a living from agriculture and unemployment rates remain high. In order to address this problem we have provided skills training to community groups in topics such as vegetable cultivation and agricultural techniques. We are also irrigating farm land to increase yield, and are vaccinating animals and training vets to ensure good animal health.

Case Study

Petko's chickens

Petko and his family live in the village of Rjecica, Foca in south-east Bosnia. In 2007 Petko received an interest-free loan from Islamic Relief. He used this to buy chickens and the equipment he needed to start a business processing eggs.

Before the Bosnian war, Petko worked for a large company and had a large property in the countryside where he kept several hundred sheep. "I had everything I wanted," Petko said, "but the war destroyed the companies and I am now working on my own."

"Life is hard and difficult but we don't have any other possibilities. I don't give up easily, and I hope the results will come," Petko continued. "Most people here are in the same situation as me. We are trying to provide our families with the things that are necessary for life."

"Islamic Relief has helped us a lot by providing the initial capital," Petko explained. "My plan now is to expand the chicken production business and also to breed bulls, which will provide me with extra income."

We have been providing people with interest-free loans in Bosnia since 2001. In 2007 we distributed over 1,650 loans which were used to start new businesses as well as to help people repair their war-damaged homes. We also run a similar micro-finance scheme in Kosovo. During 2007 we distributed 1,228 interest-free loans to people in Kosovo. These loans helped to start 170 businesses and to expand a further 542.

As there are high rates of unemployment in Bosnia and Kosovo, these loans are very much in demand as they help people to start their own small-scale businesses. Most of these people would not be able to get credit from a traditional bank. As well as benefiting those who have taken out the loans, they also have a positive impact on the local communities as the new businesses they enable provide employment for local people.

Food security in Niger

In the west African country of Niger, drought, desertification and high levels of poverty mean that its people often have problems accessing enough food. To tackle this problem we are working with rural communities in the region of Tillabery to help them make a living and reduce instances of malnutrition. To do this we established 28 women's organisations during 2007. We are providing support in the form of micro-finance, tools, seeds and skills training in agricultural techniques.

To increase local communities' ability to access sufficient food we have also established cereal banks. In many communities the crops that they harvest last less than six months. The new cereal banks now provide 2,400 rural households with access to cereal even during lean periods. To ensure the cereal banks are a success we have supplied them with grain, helped them set up management committees, given them advice on how to store the cereal and training on leadership.

The committee for each cereal bank sets its own rules for how people can buy or borrow cereal from the bank. Often they store the cereal until the lean period starts and allocate it depending on how many people there are in a family. The benefit of cereal banks is that they provide people with the means to feed themselves without relying on external assistance.

However, despite moves to improve food security in Niger, rates of malnutrition remain high. To tackle this problem we support and run 34 supplementary feeding centres and four therapeutic feeding centres, which offer medical and nutritional support to malnourished children and their mothers. In 2007, we provided medical care to 6,600 malnourished children through these centres helping to reduce the child mortality rate in the region.

Supporting vulnerable children

Support for vulnerable children is key to Islamic Relief's work, and many of our relief and development projects prioritise the needs of young people. In line with the Millennium Development Goals we are committed to ensuring that children, boys and girls alike, have access to quality education, essential healthcare and basic services such as clean water.

However, there are some children who need even more support. Children who have lost parents are often amongst the poorest in their community and may be forced to drop out of school and take dangerous jobs to support their family. Children who have been affected by HIV, natural disaster or conflict, face even more complex risks.

In order to support vulnerable children we run a successful orphan sponsorship programme which enables individual donors to support children who have been orphaned. The financial support the donors provide allows orphaned children and their families to go to school, have decent housing and access essential medical care.

By the end of 2007 our donors were supporting over 26,100 children in 21 countries, from Ethiopia to India, South Africa to Lebanon.

Extra help

In addition to the financial support that each child receives, we also run other additional projects that help meet vulnerable children's needs. For instance, in Kabul, Afghanistan we run an educational centre that provides over 100 children and their mothers with training in literacy and computing. These classes help to increase the women's ability to gain employment and enhance the abilities of their children.

In order to meet the needs of children in Bangladesh we are working with sponsored orphans and their families to improve their quality of life. We do this by providing health checks and vitamin supplements, by installing hygienic latrines in children's homes and by providing sources of clean water for the communities where our sponsored children live. We also support the children's mothers by providing them with micro-finance to start small businesses, by helping them set up savings accounts and by giving them skills training.

In 2007, 400 sponsored orphans from Rajbari in Bangladesh joined a new Scouting project set up by Islamic Relief. Three new Scout units and one Girl Guide unit have been formed. The children undertake cultural, educational and sporting activities that contribute towards their development. Activities include cookery, swimming, first aid, dance, creative writing and orienteering. Children also have the opportunity to take part in many cultural performances and carnivals.

We have been supporting orphaned children in Kosovo for many years providing them with access to education and decent housing. In 2007 we began a new project to provide sponsored children and their families with access to quality healthcare. All sponsored children were provided with routine general medical, dental and hearing checks and were provided with any medical care they needed.

Case Study

Aphiwe's new Mum

When three-year-old Aphiwe was just a few weeks old her teenage mother abandoned her. Unable to cope with the strain of caring for a child on her own, she took her young daughter to an old woman she knew had no children of her own and begged her to take care of her.

Joanna, the woman who now cares for Aphiwe remembers this day vividly, 'I did not know Aphiwe's mother, she was only 17 years old and was not ready to look after a baby.'

'She came to my house and asked me to take the baby. At first I said 'no' but the mother started crying and saying that she was going to kill the baby, she would throw her in the river,' Joanna said. 'So I said 'put the baby on my bed, I will look after her.' The mother was so happy I agreed. She left in a car and I have never seen her since.'

'Aphiwe is now three years old and I have been looking after her on my own since she was three weeks old. I don't have any children of my own, this is my first,' Joanna said. 'Sometimes we struggle, sometimes she needs this and that but I have no money. But I try my best to keep her well. The Islamic Relief care worker takes us to the hospital if we need it, but she is healthy and well.'

Joanna lives with Aphiwe in a one-room tin shack in the informal settlement of Vlakfontein on the outskirts of Johannesburg. The house has no running water and only a few pieces of old furniture. Joanna cooks her food on an old wood-burning stove inside the house.

'Sometimes I don't have any money to buy electricity. If you don't have electricity, you have to buy candles or paraffin which are also very expensive. There is lots of crime in Vlakfontein and if you have no electricity your house is dark and people can break in. I worry about Aphiwe's safety and she always has to be inside the house by six o'clock.'

Joanna grows vegetables such as tomatoes, beans and spinach in a small plot next to her house. However, working on the land often causes her back pain and she cannot grow enough to feed herself and Aphiwe. Islamic Relief provides sponsored children such as Aphiwe with a monthly food parcel. These contain beans which Joanna uses to make soup and also Aphiwe's favourite food, porridge. 'Aphiwe really loves porridge – if the [IR] care worker has an extra packet she will come and give it to her. If there is not much to eat I will give this to her in the evening and she will always sleep well.'

By the end of 2007 we were supporting 470 vulnerable children like Aphiwe in South Africa. Many of these children have been affected by or are living with HIV. We help to meet their needs by providing them with food parcels, helping them go to school, access to anti-retroviral medication and transport to hospital. Our team of community care workers provide help to those that need it and are a source of constant support for vulnerable children.

Ramadan and Qurbani

Twice a year during the fasting month of Ramadan and the religious festival of Eid al Adha, we distribute food and meat parcels to those suffering from food shortages. Those who receive the Ramadan and Qurbani packages are amongst the most vulnerable in their communities, including orphans, widows, the elderly and refugees. Often the distribution of these food packages are carried out in conjunction with other relief and development programmes and provide a supplement to our longer-term, sustainable work to alleviate poverty.

In 2007 we distributed over 146,000 Ramadan food packs in 23 countries from Bangladesh to Sudan. This benefitted over 730,000 people, providing them with food that is culturally acceptable to each country.

In December 2007 we distributed fresh, canned and frozen Qurbani meat to almost two million people. Most countries receive fresh Qurbani meat – sheep, cow, buffalo or goat depending on cultural preference – but some countries such as Iraq are provided with canned Qurbani meat.

Ramadan In Egypt

Reda Muhammad, 45, lives with her husband who is disabled and her six children in Giza, Egypt. 'Life is the same, whether it is Ramadan or any other month. Nothing changes,' explained Reda. 'We are not like those people who go shopping for Ramadan food, buying chicken, meat, nuts or fruit. We can hardly afford the basics.'

'I struggle to find food for my family,' she said. 'I do not have the money that can ensure that my children go to sleep at night with a full tummy. The first thing that comes to mind every morning is if my family will starve this week or if we will make it through.'

'We do not have land to grow vegetables or a farm to raise chickens. All I have is my husband's pension,' Reda explained. 'When I fell sick had to buy medication and there was no money left for food. We spent three weeks living on bread and tea.'

'The main breadwinner in our family is my eldest son. However, the problem is that his job is not stable, he is a labourer and sometimes he has work, sometimes he does not. Then we do not have enough money to survive the rest of the month.'

'But my husband is so sick and can hardly move, and his pension does not cover does not cover the cost of his medication,' Reda said. 'Sometimes I make falafel and sell them, and sometimes we get help from our relatives. But there is always this sweeping feeling of insecurity and need.'

'The Ramadan packages really help. When you have food shortages throughout the whole year but in Ramadan you have a packet that provides you with your basic needs it makes a difference,' she explained. 'It will make my children very happy, as they feel that they are fasting throughout the whole year.'

In 2007 we distributed over 4,100 Ramadan food parcels to more than 20,500 people in Egypt.

Campaigning and advocacy

Tackling the spread of HIV and AIDS

One of the issues that we have identified as a priority within our work is tackling the spread of HIV and AIDS, in line with MDG 6. At the end of November 2007 we organised the International Consultations on Islam and HIV/AIDS in Johannesburg, South Africa. These Consultations were attended by over 200 participants from over 50 countries. The participants were either religious scholars, people living with HIV or HIV practitioners.

The aim of the Consultations was to find solutions to the HIV pandemic that were both effective and religiously acceptable. It was hoped that by discussing a wide range of topics from mandatory testing to inheritance rights, support for commercial sex workers to protecting women's rights, governments and organisations will be able to effectively

1. Increase awareness of HIV and AIDS amongst individuals and communities
2. Halt the spread of HIV
3. Care for individuals affected or infected by HIV and AIDS
4. Support communities crippled by HIV and AIDS

Many positive steps and initiatives have already come out of the Consultations. These include the establishment of an HIV-fund to increase the number and quality of HIV-related projects in Muslim communities, and also a global network of HIV-positive Muslims. This work will continue over the coming months and years to ensure that Muslims and Muslim organisations are effectively engaged in the fight against HIV. For more information please visit www.islamandhivaids.org

Humanitarian Forum

Islamic Relief initiated the Humanitarian Forum in 2004 as a means of fostering partnerships and closer cooperation among humanitarian and charitable organisations from Muslim countries, the 'West' and the multi-lateral system. The Forum provides a platform for dialogue, helps promote mutual understanding, supports capacity building, promotes humanitarian standards and works to improve communication and cooperation.

In 2007 the Humanitarian Forum was registered with the UK charity commission and an action plan was drawn up. It is now a separate, sustainable entity. In 2007 projects implemented in Sudan, Yemen, Kuwait and Indonesia have helped to effectively form partnerships and mobilise civil society.

European presence

During 2007 Islamic Relief continued to increase its advocacy and lobbying work in Europe through our offices in Brussels and Geneva. A significant development was our new membership to VOICE in May 2007.

We also engaged in individual and joint advocacy efforts at the EU level. Particular attention was given to the crisis in Iraq and the need to assist internally displaced people inside the country. We are part of the EU advocacy group on Iraq and successfully managed to lobby the European Parliament to amend assistance to Iraqi IDPs (internally displaced persons).

Future Activities

During 2008 we will continue to work towards the aims of our 2007 – 2009 Strategy. We will also continue to design and implement programmes that contribute towards the aims of the Millennium Development Goals. In order to achieve this we will

- Continue to improve our capacity to respond to major emergencies to be able to respond more quickly and to assist more people with the aid they need**
- We will work towards setting-up the mechanism to contribute to sustainable development by reducing the burden of disasters on the poor and most vulnerable communities**
- Reducing the vulnerability of the poor to disaster risk effects through capacity building and livelihood resilience programmes**
- Integrating disaster risk reduction into our development and humanitarian programmes**
- Improving the set-up of strong community-based organization in order to reduce risk in disaster prone regions**
- We will continue to advocate on behalf of the world's poorest people to help ensure that their needs are met as well as raising awareness about issues that impact negatively upon them. We will continue to work with all communities regardless of race, religion or belief**
- We will continue to work in sub-Saharan Africa, the Middle East, Asia and Eastern Europe to provide more people with healthcare, education, clean water and sanitation facilities and income generation activities and support**
- We believe that the Rights-based approach to development will bring the promise of more effective, more sustainable, more rational and more genuine development processes. We will ensure that our programmes are guided by the need to protect and promote people's human rights**

A rights-based approach is the acknowledgment that human-beings are the centre of development, and that the guarantee of their human rights is essential if poverty alleviation programmes are to be sustainable and successful

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity Registration No 328158

Company Registration No 2365572

Address of Principal Office

19 Rea Street South

Digbeth Birmingham

B5 6LB

Name of Trustees/Directors who served during the year and as of 31st December 2007

Dr. E El-Haddad (Chairman)

Dr M El-Alfy

Mr. N Al-Noon

Mr. I El-Zayat

Mr Iftikhar Awan

Mr Tahir Salie

Dr Abdelwahab Noorwali

Company Secretaries

Dr M El-Alfy

Dr. E El-Haddad

Senior Personnel

President: Dr H A G El-Banna OBE, MBBCH, MD

Chief Executive Officer Mr H Atallah FCA, FRSA

Auditors

PricewaterhouseCoopers LLP – chartered accountants and registered auditors

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

Bankers

1 Barclays Bank Plc

15 Colmore Row

Birmingham

B3 2BY

2 Natwest Plc

103 Colmore Row

Birmingham

B3 2AS

Solicitors

Mills & Reeve

78-84 Colmore Row Birmingham B3 2AB

Stratford Solicitors

Stratford House, Stratford Place, Birmingham, B12 0HT

Carters

211 Broadway, Orangeville, Canada, L9W 1K4

Constitution

Islamic Relief Worldwide is constituted as a company limited by guarantee (No 2365572) and Registered Charity (No 328158). It was formed on 13 February 1984 as a charitable organisation, incorporated under the Companies Act 1985 on 28 March 1989 and registering with the Charity Commission on 6 April 1989. It is an organisation that is governed by its Memorandum and Articles of Association. In the event of winding up, members are required to contribute £1.

Board of Trustees

The governance of Islamic Relief Worldwide is the responsibility of the Board of Trustees which is currently made up of seven trustees. The directors of the company are also the charity trustees for the purpose of charity law.

The Board of Trustees' contractual obligation is to direct and control the organisation through the process of governance. It plans future aims and priorities, monitors the present performance and measures progress.

The Board of Trustees' focus is primarily on strategic planning and governance which includes measuring strategic results achieved by management, satisfying the regulatory requirements of the charity and fulfilling the Board of Trustees' responsibilities to all stakeholders.

Recruitment and Appointment of Trustees

Members of the Board of Trustees devote their time voluntarily. When appointing Trustees, emphasis is placed on the diversity of skills and knowledge that is required for an effective Board.

The process entails determining the necessary skills, knowledge and experience for the operational climate and needs, identifying potential trustees, and promoting and explaining the activities of the Board to potential trustees. Nominations for potential Board members come from the various stakeholders and partners of Islamic Relief. The process may include personal approaches to potential candidates. Once candidates have been short-listed, the Chairman of the Appointments Committee contacts all nominees in writing and the selection process is then enacted.

Induction and Training of Trustees

The induction process for new Trustees includes an explanation regarding the function of the Board of Trustees and could include appointing a mentor for the new Board member. A full overview of the organisation and its activities is provided and the contributions the new member will be able to make are explored. Trustees are given a welcome pack which includes a copy of the Memorandum and Articles of Association, Financial Statements, copy of board minutes and a copy of the Charity Commission guidance 'The Essential Trustee' as well as recent publications.

Islamic Relief Worldwide encourages ongoing training to fulfil the development needs of the Trustees. This is achieved by encouraging Trustees to identify personal training needs, while training is also provided for new or emerging areas of responsibility. The CEO keeps the Trustees informed of changes in regulatory standards and training possibilities. Training is treated as an essential and regular Board activity, ensuring it is professional, appropriate and evaluated.

Management Restructuring

Islamic Relief Worldwide has commenced restructuring of its management system and for this period the Board of Trustees is directly involved in assessing the progress of implementing the approved strategy. The Trustees are currently consulting with Partners to ensure that future governance structures are appropriate for the purposes of the organisation.

The Board of Trustees receives regular reports on the performance of the organisation and the annual financial reports along with plans, budgets and any new policies and procedures are approved by the Board of Trustees.

Key Personnel

The President is responsible for representing the organisation at the public and international level.

The Chief Executive Officer along with other senior staff, is responsible for the day-to-day management of the organisation. The Chief Executive Officer is accountable to the Board of Trustees. The Chief Executive Officer chairs the Executive Committee that is made up of the Division Directors which supervises the daily activities of Islamic Relief Worldwide.

The central role of the Division Directors is to lead the implementation of policies laid down by the Board of Trustees and to support the work of other staff and volunteers. All major humanitarian campaigns are coordinated from the headquarters.

TIC International Limited is a trading subsidiary and supports the fundraising activities of Islamic Relief Worldwide by recycling clothes. The assets, liabilities and trading results of this company are incorporated in these consolidated Financial Statements.

Organisational Structure

The Islamic Relief Global Family

Islamic Relief Worldwide is the global implementation and coordinating member of the Islamic Relief family, based in Birmingham, United Kingdom. It operates through a global network of locally registered Islamic Relief partners and affiliated implementing partners. Affiliated partners include for example Islamic Relief Pakistan, Islamic Relief Niger and Islamic Relief Bangladesh. They liaise closely with Islamic Relief Worldwide within a formal reporting and monitoring framework that ensures all affiliates work towards the same core strategic objectives. Islamic Relief Worldwide's working relationship with affiliated implementing partners ensures the appropriate utilisation of funds provided for humanitarian programmes.

The Islamic Relief partners, listed below, are established as separate independent legal entities with their own jurisdiction. For this reason their results are not included within these accounts, as Islamic Relief Worldwide only includes funds transmitted to the UK.

- Belgium
- France
- Germany
- Holland
- Italy
- Mauritius
- Malaysia
- South Africa
- Sweden
- Switzerland
- USA

Most humanitarian projects are carried out by Islamic Relief Worldwide through affiliated implementing offices in the following countries

- Afghanistan
- Albania
- Bangladesh
- Bosnia and Herzegovina
- China
- Egypt
- Ethiopia
- India
- Indonesia
- Iraq
- Jordan
- Kenya
- Kosova
- Iraq
- Mali
- Malawi
- Niger
- Occupied Palestinian Territories
- Pakistan (including Pakistan administered Kashmir)
- Russian Federation (Chechnya / Ingushetia)
- Somalia
- Sudan
- Yemen

Islamic Relief Worldwide continues to work towards enhancing its management and its effectiveness in the field, including a review of structural and policy issues. It has undertaken a process of formulating standards and policies that have been consultative and comprehensive, covering all aspects of Islamic Relief's work.

TIC International

TIC International is a trading subsidiary of Islamic Relief Worldwide and its principal activity is clothes recycling. TIC International generates income from clothes recycling and all profits generated from this operation are given back to Islamic Relief Worldwide. TIC International also provides logistical support in sorting and shipping emergency aid such as tents, food and blankets to disaster stricken areas.

Working with other organisation

Islamic Relief Worldwide works with other organisations to achieve common goals. Such organisations include Department for International Development (DFID), World Food Programme (WFP), European Commission (EC), European Commission Humanitarian Organisation (ECHO), Catholic Agency for Overseas Development (CAFOD) amongst others. These relationships are mainly based on project/programme implementation in countries such as Bangladesh, Ethiopia, Somalia, Lebanon and Pakistan. Islamic Relief is a member of the Disasters Emergency Committee (DEC), a body of 12 agencies that coordinate emergency relief campaigns in Britain.

Risk Management

The Board of Trustees constantly reviews the risks faced by the organisation and plays an active role in both risk-assessment and mitigation. They have also implemented a risk management policy related to risks faced by Islamic Relief Worldwide in the provision of humanitarian aid.

The process of identifying risks and developing an ongoing programme to monitor and mitigate against them is undertaken and reviewed by the Management Committee and the Board of Trustees. This ongoing programme incorporates all aspects of risk for the organisation relating to governance, operations, finances and external obligations. The CEO and the Directors are

responsible for following up the recommendations of the Internal audit unit, and the Audit committee, chaired by a member of the Board of Trustees, monitors the implementation of recommendations

Internal Audit & Control

The Internal Audit Unit's objective is to carry out a programme of regular risk-based cyclical audits across Islamic Relief's operations, with all reports directly addressed to the Chief Executive Officer. These reports are reviewed by the Internal Audit Committee of the Board of Trustees. The audit programme includes risk-based audits of overseas projects and UK-based functions.

Islamic Relief Worldwide has set up a system of internal controls which are designed to ensure material misstatement or loss is protected against. The internal controls include:

- (1) A strategic plan - an annual operating plan approved by the Board of Trustees
- (2) Regular consideration of results and variance from budgets by the Management Committee
- (3) Reviewing and ensuring the segregation of duties
- (4) The identification and the management of risk

Performance Improvement

Islamic Relief Worldwide has established a Performance Improvement Unit to:

- (1) To maintain and promote quality standards in the organisation
- (2) To review and improve operating systems
- (3) To evaluate and analyse Islamic Relief's humanitarian programmes

Islamic Relief Worldwide aims to ensure Quality Assurance by following a systematic approach to identifying and responding to the needs of those who use Islamic Relief's services, whether beneficiaries or donors.

During 2007, the Performance Improvement Unit undertook appraisals of humanitarian programmes to ensure that Quality Assurance systems were being employed effectively. The unit has also carried out evaluations of partners and affiliates against quality standards and assisted in the production of relevant action plans.

Grant-making Policies

Islamic Relief Worldwide provides grants to organisations and individuals if the request meets the charitable objectives and criteria set by Islamic Relief Worldwide. After initial approval, applications are reviewed by a committee of senior personnel. Islamic Relief Worldwide aims to ensure that all grant applications are treated equally and fairly. It remains at the discretion of Islamic Relief Worldwide to make the final decision as to who is eligible to receive a grant.

Employees

Islamic Relief Worldwide as an organisation supports and develops the skills of our employees. All employees are encouraged to participate within the strategy and objectives as well as give their suggestions and views on performance and strategy. We are an equal opportunities employer and have a policy of recruitment and promotion based on aptitude and ability without discrimination in any way or form. The policies at Islamic Relief Worldwide are set to focus on training and career development for the majority of employees. For this reason employees are assessed with an annual appraisal and supervision.

Volunteers' Help and Gifts In Kind

Islamic Relief Worldwide considers volunteers the heart and soul of its operations and relies upon them in delivering its services. Islamic Relief Worldwide undertakes the management and co-operation of all its volunteers.

During 2007, volunteers contributed to Islamic Relief Worldwide operations by donating their time in the shops, administration and being involved in fund-raising activities

The Trustees extend their gratitude to all volunteers who assisted Islamic Relief Worldwide in achieving its goals and objectives

Furthermore, the Trustees extend their gratitude to the public who have been generous in providing clothing for resale in the shops or to provide additional funding through the textile recycling services provided by TIC International Ltd

Directors/Trustees

The Directors/Trustees, who constitute the Executives, are elected by the Annual General Meeting of Members. The Executives have the authority to appoint additional Directors to fill a casual vacancy. Directors appointed in this manner are eligible for re-election at the Annual General Meeting. The conduct of such formalities is governed in general by the Companies Act 1985. The following Directors/Trustees have held office since 1 January 2007

Dr. S Zahir (resigned 20th October 2007)

Dr M El-Alfy

Dr E El-Haddad

Mr. N Al-Noon

Mr I El-Zayat

Mr Ifikhar Awan (appointed 20th October 2007)

Mr Tahir Salie (appointed 20th October 2007)

Dr Abdelwahab Noorwali (appointed 20th October 2007)

Specific Restrictions

The Memorandum of Association makes specific restrictions on the conditions of operations that comprise of

- (1) Property held as a trust will be subject to the law relating to trusts on matters of investment
- (2) The object of the company shall not extend to regulating relations between workers and employers or the organisations of workers / employers
- (3) Property held under the jurisdiction of the Charity Commission or any such property that comes into the hands of the Directors/Trustees is subject to the control of the Charity Commissioners
- (4) Article 5 disallows the distribution of any dividends or profits to members of the company and requires the income and property of the company to be applied solely towards the promotion of its objects

Directors/Trustees' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on Disclosure of Information to the Auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- (a) so far as the director / trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustee Responsibilities in relation to the Financial Statements

Company and charity law require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group, and of the surplus or deficit of the group for that period. In preparing those financial statements the Trustees confirm that they have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, stated whether applicable accounting standards have been followed, have disclosed and explained any material departures in the financial statements, and prepared the financial statements on a going concern basis.

The Trustees are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable the Trustees to ensure that the financial statements comply with the Companies Act 1985 and the Charity Commission SORP 2005. They are also responsible for safeguarding the charity's and the group's assets and hence for taking reasonable steps for the prevention and detection of fraud and breaches of law and regulations.

Employees

Islamic Relief Worldwide as an organisation supports and develops the skills of its employees. All employees are encouraged to participate within the strategy and objectives as well as give their suggestions and views on performance and strategy. Islamic Relief Worldwide is an equal opportunities employer, therefore it has a policy of recruitment and promotion based on aptitude and ability without discrimination in any way or form.

The policies at Islamic Relief Worldwide are set to focus on training and career development for the majority of employees. For this reason employees are assessed with an annual appraisal and supervision.

Financial & Business Review

We are a non-governmental, non-political humanitarian aid organisation with operations in 25 countries. It is dedicated to helping people in need and ensuring that it is accountable to its stakeholders

Our activities during 2007 covered responding to humanitarian emergencies and addressing the long-term requirements of people in need and attempting to address the underlying causes of poverty and promoting sustainable development

Environment

We are amongst the Top 100 Charities in the United Kingdom. We do not view ourselves as having competitors in the corporate sense, rather fellow organisations operating in the same sector working towards a common goal of providing humanitarian relief. This is illustrated by the joint working partnership of the leading charities through the Disasters Emergency Committee (DEC)

We are committed to ensure that it meets all regulations and laws governing charities, and ensuring it has the appropriate technology and systems in place to ensure the requirements of the donor, beneficiary and regulatory body are fulfilled

We have a supportive individual donor base, through which we receive the majority of our funding. Further information is provided under the Income and Funding section

Ethos

Our values combine honesty and transparency with Islamic values. Accountability before the Creator and our stakeholders are at the core of our ethos

Income and Funding

Our growth in voluntary income continued to grow on average, the fluctuations increases were caused in 2005, with two major disasters and appeals of the Asia earthquake and the Tsunami

An overview of the growth of our income represented by source is illustrated by the following chart:

In 2007, we generated £28.8m from the generosity of our donors responding to ongoing support of the humanitarian programmes Islamic Relief Worldwide is implementing. This facilitated us to expand its charitable activities in both disaster-affected areas and extending development humanitarian programmes

	2007	2006	2005	2004	2003
Voluntary Income	£28.9m	£26.4m	£35.4m	£18.4m	£12.3m
Increase %	9%	-25%	92%	50%	-16%

The 5 year trend shown above shows an increase from £12.3 million in 2003 to £28.9 million in 2007, there was a fluctuation in 2005 due to two major disasters – the Tsunami and the Asia Earthquake

Funding from Institutional Donors

We continued to work in partnership with numerous organisations to facilitate humanitarian organisations cooperation, coordination and communication in delivering effective humanitarian programmes. We are committed to the Millennium Development Goals through its Partnership Programme Agreement with Department for International Development and the aims of our strategy reflect its contribution to these essential global targets of supporting those who are most in need.

	2007	2006	2005	2004	2003
Grants	£8.7m	£7.7m	£5.5m	£1.7m	£1.7m
% of total income	22%	21%	13%	8%	11%

Note 7 shows the grants received by sector and Note 8 shows the details of the grants by project and organisation.

Fundraising by Partners

Fundraising partners are an integral part of the Islamic Relief family. The income received from the partners is shown below, further details are shown in note 4 between restricted and unrestricted funds and Note 31 how the funds received have been applied to Islamic Relief humanitarian programmes.

	2007	2006	2005	2004	2003
Donations from Overseas Partners	£11.4m	£13.4m	£14.2m	£10.2m	£6.0m
% Increase	-15%	-5%	40%	70%	0%

Expenditure

An overview of the expenditure by category compared to the previous year shows the expenditure has been in line ensuring sustainable development of our charitable activities.

Charitable expenditure

Our charitable expenditure remained in line with the prior year an indication of our commitment of ensuring and delivering long term sustainable development to beneficiaries long after the emergency phase is over and the media attention has faded.

In 2007, Islamic Relief continued to implement development programmes in Indonesia – the Tsunami affected areas and Pakistan – the areas affected by the Asia Earthquake.

	2007	2006	2005	2004	2003
Charitable Expenditure	£31.7m	£34.0m	£31.3m	£15.1m	£10.8m
% Increase	-7%	9%	107%	40%	-19%

In 2007, Islamic Relief Partners commenced funding humanitarian programmes in advance of the commitment to incur the expenditure by Islamic Relief Worldwide, thereby this reduced the need to utilise unrestricted funds.

Fundraising

The growth of income of the 5 year period shown is an indication of increased donations, as a result of the fundraising activities undertaken in the UK and by the overseas partners, through community based and other initiatives

	2007	2006	2005	2004	2003
Return on Fundraising	£28.8m	£27.1m	£35.3m	£18.4m	£12.5m
Cost of Fundraising	£4.8m	£5.0m	£3.7m	£3.0m	£3.2m
Return	6.0	5.4	9.5	6.1	3.9

Fundraising expenditure includes amounts related to specific campaigns during 2007 (£2m or 41% of the Fundraising expenditure) (2006 £1.2m or 23%) Refer to Note 12 for further details

Included within Note 9 is Fundraising Partner support costs of £0.1m (2006 £1.2m) These costs relate to IRW providing operational support to newly set up and smaller Partners Furthermore, on behalf of all Partners costs are incurred at times by IRW

Governance

We are undergoing a major restructuring initiative on an international basis This has included substantial costs in registering the organisations' intellectual rights on an international basis as well as legal fees and management consultancy fees Governance costs that included Internal Audit and Performance Improvement amounted to £0.06m (2006 £0.15m)

Performance of the trading subsidiary

TIC International performance in 2007 has been in line with the Directors estimated growth and profitability TIC International continues to improve its performance year by year Total turnover amounted to over £1.8m in 2007 comparing to £1.8m in 2006

TIC International experienced challenging trading conditions in 2007, raw material were in short supply due to high demand and increasing prices Furthermore, there was increased competition in the placing of textile banks by competitors

TIC International donates profits generated to Islamic Relief Worldwide

Challenges

We are working in line with its formulated strategy for 2007-2009 that provides the strategic direction for an ongoing commitment to ensure that our humanitarian operations are contributing to a fairer, kinder world The Strategy document is available on our website www.islamic-relief.com

The strategy will allow us to improve how it evaluates its performance and measures the impact of its work

The purpose and rationale behind the strategy is to ensure that we are adequately positioned to meet any challenges to ensure that

- that the needs of beneficiaries are adequately and effectively met
- that communication with donors is effective
- awareness of our humanitarian programmes
- continuous improvement is made to the delivery and quality of the service

To ensure that any challenges are overcome, we have

- set out its strategy for the coming years that is reviewed and used to monitor the achievements of deliverables

- Has invested in developing strong teams who ensuring effective delivery of humanitarian programmes, fundraising, awareness raising and providing support activities
- Performance is monitored and enhanced through the utilisation of the Performance Improvement Unit and Internal Audit
- Trained and have staff prepared for immediate mobilisation on an event of an emergency

Financial Risk Management

The following statements summarises our policy in managing identified forms of Risk

Price Risk

Salary Costs are communicated to staff based on the assessment of each individual position by a Job Evaluation Group. Prices of materials and supplies purchased are subject to contracts with suppliers. Based on current market prices and where applicable tendering processes

Credit Risk

Credit risk on amounts owed to us is low, as the majority of debtors are institutional donors with whom there are signed agreements

Liquidity Risk

We have no short or long term borrowings. It has commitments of funding from its Fundraising Partners that have agreed to provide funds for the humanitarian programmes it implements

To ensure that there are sufficient funds for ongoing humanitarian programmes, Islamic Relief Worldwide has made arrangements with its Fundraising Partners to ensure that there are specific funding agreements for all programmes. Arrangements have also been made to receive funds from Partners in advance of commencement of the programme, thereby reducing the impact of unfounded programmes on unrestricted reserves and ensuring sufficient funds are available to respond to emergencies

Interest Rate Cash flow risk

Islamic Relief Worldwide has favourable arrangements with its bankers where it neither pays nor takes interest, and all bank charges are refunded by the bankers

Reputation Risk

We ensure that we abide by local laws and regulations, and undertake thorough screening processes of any partners we may work with in accordance with Money Laundering regulations. Furthermore, we are committed to the People of Aid Code of Good Practice and have formal recognition from People In Aid

Reserves

Reserves are held to ensure that adequate funds are available to meet obligations in emergencies, and also to ensure that operations are not affected due to an absence of funds. Sufficient protection is built in to ensure there is no disruption of our global operations

We aim to discharge funds received as donations for its humanitarian programmes as quickly as practically possible. The present target range for reserves is 7 months reserves of the core operational budget plus an appropriate amount for emergencies. These funds are to be held in current and medium term cash forms

The general rule is that the amount of reserves held in current accounts should be 25% of the net reserves or one quarters' operational budget - whichever is greater. 55% of the net reserves are to be maintained in medium term investments, with it being possible to convert such investments into funds within a maximum period of 3 months. The remaining 20% of net reserves, as well as endowments and other long-term reserve contributions to Islamic Relief Worldwide can be maintained in fixed investments that would take longer to convert to funds

The Board of Trustees post balance sheet have reviewed the reserves policy and this incorporates an evaluation of risk. The Board of Trustees have proposed to amend the reserves policy, setting an limit on the utilisation of unrestricted reserves over and above which approval would be required from the Board of Trustees. Reserves are monitored and amendments are proposed to both the policy and the level of reserves held.

Investment Policy and Performance

The governing document empowers the charity to invest any available moneys in such investments, securities or property as may be thought fit, subject to conditions and consents (if any) as may for the time being be imposed or required by law.

We will engage in short, medium or long-term investments subject to the amount and nature of funds available. The policy applies to the centrally managed funds in the UK only and does not cover Islamic Relief partners in other parts of the world.

The main principles governing all investments are

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

Waqf

Waqf is a form of ongoing charity in which a donation is made to bring a charitable return. Funds from Waqf (endowments, which are generally in long-term investments), and other donations for our humanitarian programmes can be used for investments.

The original donation is invested to generate a charitable return. Waqf funds are endowments held to generate further funds. At present Islamic Relief Worldwide, has invested these funds in properties. The return on the Waqf investment is 7% for 2007, which amounted to £138,969 (2006: £111,076).

Waqf in history

From the early days of Islam, Waqf generally took the form of a donated property or an institution to help others. For example, houses were converted to inns for travellers, waterways were built to bring water to villages, hospitals were built to provide free medical treatment, schools were built to provide free education, and kitchens were established to feed the poor. The most recent model is that of the Ottoman period of Islamic history which combined all of these social services under one roof.

SIF Invest

We hold an investment property in Paris through SIF Invest that has been rented to Secours Islamique our Partner in France. SIF Invest is incorporated in France and effectively owns an investment property. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. SIF Invest's sole function is managing the property rented out to Secours Islamique. It does not engage in any other trading activities.

The charity's assets

The fixed assets held by the charity include the property held for its own use at 19 Rea Street South, Birmingham. This property comprises offices and a warehouse which was purchased in July 1992. The value included in the balance sheet comprises the original cost of the property in 1992, plus the cost of major improvements since its purchase. A second property in Birmingham which comprises a large warehouse and small offices has been purchased for additional warehouse space in 2002. Islamic Relief Worldwide purchased a further property in 2005 to accommodate demand for additional office space.

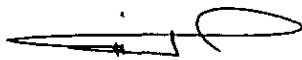
Supplier payment policy and practice

It is the policy of Islamic Relief Worldwide that payments are made to suppliers in accordance with those terms and conditions agreed between Islamic Relief Worldwide and its suppliers, provided the supplier is also complying with relevant trading terms and conditions. The amount of Trade Creditors outstanding at the year end is stated in Note 14

Auditors

A resolution to re-appoint Pricewaterhouse Coopers LLP, as auditors will be put to the members at the Annual General Meeting

By the Order of the Board



**Dr. M El Alfy
Director**

6 June 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISLAMIC RELIEF WORLDWIDE

We have audited the group and parent charity financial statements ("the financial statements") of Islamic Relief Worldwide for the year ended 31 December 2007 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and Auditors

The responsibilities of the Trustees (who are also the Directors of Islamic Relief Worldwide for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

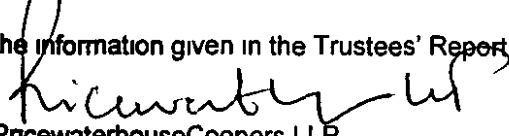
Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 December 2007 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,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Trustees' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

6 June 2008

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES and INCOME & EXPENDITURE ACCOUNT

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2007	Total 2006	Notes
	£	£	£	£	£	
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary Income	7,351,778	21,068,113	477,611	28,897,502	27,141,253	2
Activities for generating funds	2,227,243	-	-	2,227,243	2,164,708	3
Investment Income	-	-	138,969	138,969	111,076	6
Incoming Resources from charitable activities	-	8,762,682	-	8,762,682	7,708,999	7
Total Incoming Resources	9,579,021	29,830,795	616,580	40,026,396	37,126,036	
Resources Expended						
Cost of generating funds						
Costs of generating Voluntary Income	673,468	4,127,914	-	4,801,382	5,025,538	9
Fund-raising trading costs of goods sold & other costs	513,064	1,985,733	-	2,498,797	2,652,863	11
Investment Management Cost	154,460	-	57,485	211,945	228,290	10
Charitable Activities	-	31,659,628	-	31,659,628	34,008,760	13
Governance Cost	653,493	-	-	653,493	842,925	14
Total resources expended	1,994,485	37,773,275	57,485	39,825,245	42,758,376	
Net Income for the year before other recognised gains/(losses)	7,584,536	(7,942,480)	559,095	201,151	(5,632,340)	
Gains/(losses) on investment assets	63,605	-	-	63,605	-	21
Transfers						
Gross transfers between funds	(6,860,006)	7,141,572	(281,566)	-	-	29
Net movement on funds	788,135	(800,908)	277,529	264,756	(5,632,340)	
Reconciliation of funds						
Total funds brought forward	3,716,017	10,034,986	2,090,153	15,841,156	21,473,496	
Total funds carried forward	4,504,152	9,234,078	2,367,682	16,105,912	15,841,156	27

The net movement in funds referred to above is the net incoming resources as defined in the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commission for England & Wales and is reconciled to the total funds as shown in the Balance Sheet on the following page as required by the said statement.

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing operations.

CONSOLIDATED & GROUP BALANCE SHEETS

Year ended 31st December 2007

	2007 Total Funds		2006 Total Funds		Notes
	Group £	Charity £	Group £	Charity £	
Fixed assets					
Tangible assets	3,408,166	2,868,427	3,143,522	2,787,536	20
Investments	-	527,759	-	464,154	21
Total Fixed Assets	3,408,166	3,396,186	3,143,522	3,251,690	
Current assets					
Stocks and Work in Progress	277,717	178,266	353,737	222,372	22
Debtors: amounts falling due within 1 year	4,187,898	3,752,735	6,189,559	5,944,357	23
Debtors: amounts falling due after 1 year	467,010	467,010	549,416	549,416	23
Cash at bank and in hand	9,932,259	9,840,443	8,417,170	8,169,724	
Total Current Assets	14,864,884	14,238,454	15,509,882	14,885,869	
Liabilities					
Creditors: amounts falling due within one year	2,167,138	1,610,747	2,812,248	2,341,978	24
Net Current Assets	12,697,746	12,627,707	12,697,634	12,543,891	
Total Assets less Current Liabilities	16,105,912	16,023,893	15,841,156	15,795,581	
The Funds of the Charity:					
Unrestricted Funds					
General	3,463,668	3,921,390	2,662,648	2,973,059	
Designated, Fixed Assets	1,040,484	500,743	1,053,369	697,383	
Total Unrestricted Funds	4,504,152	4,422,133	3,716,017	3,670,442	28
Endowment Funds	2,367,682	2,367,682	2,090,153	2,090,153	
Restricted Income Funds	9,234,078	9,234,078	10,034,986	10,034,986	
Total Charity Funds	16,105,912	16,023,893	15,841,156	15,795,581	27 & 28

The financial statements on pages 40 to 64 were approved by the board and signed on its behalf by



Dr. M El-Alfy, Director

6th June 2008

The notes to the accounts on pages 43 - 64 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31st December 2007

	2007	2006
	£	£
Reconciliation of net outflow to net cash flow from Operating Activities		
Net Income and resources (excluding cash flow from endowments)	(180,862)	(5,993,608)
Reconciliation to cash generated from operations		
Depreciation	269,379	260,150
(Gain)/ Loss on disposal of Tangible Fixed Assets	9,300	14,123
Increase in stocks	76,020	(124,771)
Decrease / (increase) in debtors	2,084,067	606,850
(Decrease)/Increase in Creditors	(645,110)	652,893
	<u>1,612,794</u>	<u>(4,584,363)</u>
 Taxation		
Taxation	-	(17,118)
 Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(370,583)	(322,997)
Proceeds from the sale of fixed assets	(4,651)	(7,062)
	<u>(375,234)</u>	<u>(330,059)</u>
 Financing:		
Endowment (VWaqf)	277,529	361,267
Repayment of amounts borrowed	-	(15,000)
	<u>277,529</u>	<u>346,267</u>
 Net increase / (decrease) in cash	1,515,089	(4,585,273)
Cash at bank and in hand less overdrafts at 1 January	8,417,170	13,002,443
Cash at bank and in hand less overdrafts at 31 December	9,932,259	8,417,170
 Consisting of.		
Cash at bank and in hand	<u>9,932,259</u>	<u>8,417,170</u>

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 1985 and adhering to the Revised Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) effective 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. Consolidation and Group Financial Statements

Islamic Relief Worldwide 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 by 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 Ltd and its Property Investment Company SIF Invest. The results of TIC International Ltd 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 230 of the Companies Act 1985 and paragraph 397 of the SORP and has not included its own income and expenditure account in the financial statements.

Note 5 gives the full details of the income and expenditure of the trading subsidiary TIC International Ltd 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 5 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 fund-raising 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.

c. 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 objects 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 27. The designated fund for fixed assets is that part of unrestricted funds that represent fixed assets held. Refer to Note 27.

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

Endowment (Waqf) Funds: These are funds which 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 whilst the original investment remains intact. Waqf returns are utilised to cater for long term projects. The Waqf is the Islamic equivalent of endowments.

d. Incoming Resources and Investment Income

All incoming resources are included in the SOFA 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 fund-raising partners on the basis of that which is remitted to Islamic Relief Worldwide in the UK. 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 Ltd 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.

Gifts In Kind: Where donated for distribution are included at the value to the charity having regard to the costs of bringing the goods to a suitable state for distribution in the field and recognised as income and expenditure at the same value and time.

Gifts in Kind include food, clothing, medical supplies and office equipment received from UK donors. Gifts in Kind sent to Islamic Relief offices in other countries directly from the donor are not included in these financial statements. For example the World Food Programme supplies Islamic Relief Russia with essential food supplies for distribution to Chechens. These goods are received directly into the Islamic Relief warehouses in Russia and are not included in our UK accounts.

Donated Services: No amounts are included in the financial statements for services donated by volunteers because these amounts cannot be quantified with reasonable accuracy. For further details see the trustees report.

e. Deferred Income

In accordance with the Statement of Recommended Practice for Accounting and Reporting (effective April 2005) issued by the Charity Commission for England & Wales funds received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the financial statements and the sums involved are shown as creditors in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

f. 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 and Reporting (effective April 2005) issued by the Charity Commission

g. 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

Costs of generating funds are costs incurred in attracting voluntary income, and those as stated below under the headings **Cost of generating voluntary income**, **Fund-raising**, **Trading** and **Awareness raising**:

Costs of generating voluntary income: These are the costs incurred in seeking voluntary contributions

Fund-raising Trading: Comprises the Group's trading activities namely the costs associated with the trading activities of TIC International Ltd.

Awareness Raising: Costs are those costs associated with disseminating information and raising the profile of the charitable activities of Islamic Relief Worldwide.

Investment Management Cost: incorporates costs related to the administration of Waqf amounting and costs relating to the promotion of the concept of Waqf from unrestricted funds therefore this element is not charged to capital

Charitable Activities: Costs associated with the provision of emergency relief and development humanitarian programmes as elaborated upon in the Trustees report section, **Activities, Achievements and Performance** and 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 the Islamic Relief's Worldwide activities. This includes such items as internal and external audit, legal advice and costs associated with constitutional and statutory requirements

Support Costs: To a single activity are allocated directly to that activity. Where support costs relate to several activities - support costs have 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

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 staff to perform the task. Support costs that represent the support functions of Management, Finance, 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.

h. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks 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.

i. 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.

j. Tangible Fixed Assets and Depreciation

Expenditure of a capital nature over £500 is capitalised at cost as fixed assets. 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. The depreciation policy of fixed assets has been selected to ensure that costs are written off over their estimated useful lives less the estimated residual value as follows

Freehold land and buildings	Over 50 years
Fixture, fittings	Over 8 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

k. Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal

l. 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

m. 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

n. Pension Costs

The charity operates a group personal pension scheme, which effectively means that all employees that join the scheme have their own pension plan. The contributions made by the charity are charged as expenditure in the year

o. 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 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	Total Funds	Total Funds
	2007	2007	2007	2007	2006
	£	£	£	£	£
Donations (See Note 4)	7,351,778	21,068,113	477,611	28,897,502	27,141,253

3. Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Endowment	Total Funds	Total Funds
	2007	2007	2007	2007	2006
	£	£	£		
Income from Charitable shops	247,223	-	-	247,223	267,146
Merchandising Income	8,573	-	-	8,573	4,997
Trading Subsidiaries (Refer to Note 5)	1,971,447	-	-	1,971,447	1,892,565
	<u>2,227,243</u>	<u>-</u>	<u>-</u>	<u>2,227,243</u>	<u>2,164,708</u>

4. Donations Disclosure by Country/Partner

The Voluntary Income shown below which is included in Note 2, is shown below by country of Fund-raising Partners* This is further analysed and shown by the actual humanitarian projects funded by the Partners in Note 31 Refer to Note 31 for further details

Country/Partner	Unrestricted Funds	Restricted Funds	Endowment	Total Funds	Total Funds
	2007	2007	2007	2007	2006
	£	£	£	£	£
UK (Refer to Note 32)	6,124,728	11,015,788	346,484	17,487,000	13,762,311
Islamic Relief Belgium	291,832	332,602	23,956	648,390	218,503
Secours Islamique France	-	1,631,225	-	1,631,225	3,239,924
Islamic Relief Deutschland	-	1,383,496	-	1,383,496	1,043,208
Islamic Relief Nederland	348,597	782,141	-	1,130,738	864,388
Islamic Relief Italy	49,407	159,569	25,421	234,397	369,181
Islamic Relief Mauritius	113,156	143,852	14,026	271,034	194,721
Islamic Relief South Africa	-	75,000	-	75,000	472,293
Islamic Relief Association Switzerland	156,966	414,529	67,724	639,219	925,475
Islamic Relief Sweden	157,760	443,312	-	601,072	229,405
Islamic Relief USA	109,332	4,686,599	-	4,795,931	5,821,844
	<u>7,351,778</u>	<u>21,068,113</u>	<u>477,611</u>	<u>28,897,502</u>	<u>27,141,253</u>

* All Fund-raising 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

The total income generated in the UK includes amounts shown in Note 3 and as above, as follows

The income raised in the UK relates to the income raised by Islamic Relief Worldwide through its headquarters and through its various offices and branches in the UK

	Total Funds	Total Funds
	2007	2006
	£	£
Voluntary Income from the UK	17,487,000	13,762,311
Activities for generating funds	255,796	272,143
Trading Subsidiary - TIC International Ltd (Refer to Note 5)	1,820,159	1,864,286
	<u>19,562,955</u>	<u>15,898,740</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Results from Trading Subsidiaries

	TIC International	SIF Invest	2007	2006
	£	£	£	£
Trading Income	1,820,159	214,893	2,035,052	1,892,565
Operating and Administrative Costs	1,843,136	91,867	1,935,003	1,904,836
Net Profit/(Loss) for the year	(22,977)	123,026	100,049	(12,271)
Amount gift aided to Islamic Relief	-	-	-	(270,000)
Retained in Subsidiary	(22,977)	123,026	100,049	(12,271)
The assets and liabilities of the subsidiaries were:				
Fixed assets	180,181	359,557	539,738	355,985
Current assets	576,136	113,485	689,621	923,127
Current liabilities	(516,959)	(71,675)	(588,634)	(769,385)
Total net assets	239,358	401,367	640,725	509,727
Aggregate share capital and reserves	239,358	401,367	640,725	509,727
Consolidation Adjustments				
Charitable Donations to Islamic Relief	-	-	-	270,000
Consolidation adjustments	-	63,605	63,605	-
Inter-Company charges	59,689	-	59,689	29,115
Total Consolidated adjustments	59,689	63,605	3,916	299,115
Adjusted Turnover	1,820,159	151,288	1,971,447	1,892,565
Adjusted Expenditure	1,783,447	91,867	1,875,314	1,605,721
Adjusted Net Profit/(Loss) for the year	36,712	59,421	96,133	286,844

6. Investment Income

	Endowment Funds	Total Funds	Total Funds
	2007	2007	2006
	£	£	£
Return on Waqf	138,969	138,969	111,076

NOTES TO THE FINANCIAL STATEMENTS

7. Incoming Resources From Charitable Activities

	Total Funds 2007 £	Total Funds 2006 £
Emergency Relief	3,057,790	6,040,755
Feed the Needy	20,635	32,642
Qurbani	141,457	19,529
Education and Vocational Training	648,400	635,224
Sustainable Livelihoods	2,956,374	731,025
Health and Nutrition	1,243,718	187,150
Water and Sanitation	684,318	62,674
Orphans	9,990	-
Refer to Note 8	8,762,682	7,708,999

8. Individual Grants Disclosure

The grants shown below are included in Note 7 and individually disclosed below

Donor	Project	Total 2007 £	Total 2006 £
Department for International Development	Partnership Programme Agreement	750,000	375,000
	International Consultations on HIV/Aids	130,000	-
	Chad Emergency Assistance & Resettlement for Internally Displaced Persons	327,000	-
	Pakistan Balochistan Floods Relief	200,000	-
	Pakistan Kashmir Neelum Valley Health Programme	171,861	-
Catholic Agency for Overseas Development	Sudan Blue Nile Civil Society Development Programme	-	57,442
	Niger Water and Sanitation Programme	48,774	62,674
	Ethiopia Drought Emergency Response	-	50,000
	Indonesia Tsunami Response - Aceh	579,278	2,910,790
	Niger Nutrition and Health Improvement Project	-	56,382
Christian Aid	Sphere Training Package Translation	-	10,000
	Pakistan Kashmir Cash for Work Programme	256,515	-
	Pakistan Provision of Relief in Earthquake Affected areas of Kashmir	-	266,108
Comic Relief	Afghanistan Ensuring Quality Education for School Children in Kandahar	71,784	117,197
European Commission	Bangladesh Disaster Preparedness against risk of flood and earthquake	40,868	153,935
	Iraq Rehabilitation of Primary Schools	-	13,835
	Bangladesh Enhancing Community Capacity in Disaster Preparedness	122,859	-
	Afghanistan Helmand Internally displaced persons Drought Relief	-	97,691
	Sudan Darfur Internally displaced persons Improved Health project	288,597	104,104
	Bangladesh Emergency Assistance to Flood affectees	279,740	-
	Bangladesh Cyclone Emergency Response	201,072	-

NOTES TO THE FINANCIAL STATEMENTS

8. Individual Grants Disclosure continued

Donor	Project	Total 2007 £	Total 2006 £
European Commission	Pakistan. Building the Resilience of Communities to Disasters	-	117,073
	Palestine Educational Enhancement Centres	57,798	314,047
	Lebanon. Food Security Program and Emergency Water Provision	174,559	216,716
	Bangladesh Emergency Assistance for Sathkhira & Jessore Water Logging Affects	47,215	189,591
	Pakistan: Small Scale Enterprise Development	-	121,040
	Kenya: Integrated Nutrition, Water Sanitation Emergency Programme	216,669	269,331
	Kenya: Nutrition Improvement Programme	345,722	-
	Somalia. Emergency assistance to Internally Displaced Persons	550,601	-
Gaborne Muslim Community	Lebanon. Disaster Response	-	45,874
Human Concern International	Niger Primary Health care and Nutrition Improvement Programme	10,919	-
	Feed the Needy and Qurbani - Nutritional Support	3,320	9,736
	Orphans Sponsorship	9,990	-
United Nations Assistance Mission in Iraq	Iraq: Emergency Response	13,768	-
United Nations Development Programme	Sudan. Geissan and Kurmuk Recovery and Rehabilitation Programme	567,919	1,215,193
	Sudan: Al Jeel School	-	26,960
	Sudan: Vocational Training	44,918	-
	Sudan Flood Response	36,626	-
	Sudan: Community Based Re integration of war affected children	55,260	-
	Sudan: Water Sanitation Programme	151,522	-
United Nations High Commission for Refugees	Iraq Assistance to the Syrian and Palestinian Refugees	198,631	141,591
	Iraq: Primary School in Falluja	-	5,376
United Nations Office for the Coordination of Humanitarian Affairs	Iraq Emergency Response	49,588	-
United Nations World Food Programme	Ingushetia: Food Distribution	342,187	132,430
Al Estah Society - Human Welfare Committee Bahrain	International Consultations on HIV/Aids	3,359	-
	Qurbani	3,304	3,191
	Feed the Needy - Nutritional Support	2,192	12,723
	Bangladesh Cyclone	2,408	-
	Niger & Sudan. Water Programme	7,916	-
Al Maktoum Foundation	Africa Emergency	3,721	-
American Red Cross	Sphere Training Package Translation	-	12,000
Arab League	Kenya Emergency Intervention Programme	-	26,667
Arab Medical Union	Bangladesh Cyclone	9,683	-
	Kenya Drought Emergency	5,112	-
	Niger Emergency Intervention for Flood affectees	9,542	-
	Palestine School Bags for Needy pupils	5,104	-
	Feed the Needy - Nutritional Support	4,941	-
	Palestine: Renal Failure Equipment	74,052	-
	Palestine Children's Hospital Heart Section Equipment	32,051	-
	Qurbani	4,829	16,338
	Palestine Artificial Limbs Project	-	12,359
	Pakistan Asia Earthquake Response	-	102,970

NOTES TO THE FINANCIAL STATEMENTS

8. Individual Grants Disclosure continued

Donor	Project	Total 2007	Total 2006
		£	£
Arab Medical Union	Iraq Al Qaem Relief Programme	-	17,215
	Iraq Health and Education Facilities in Baghdad	-	10,452
	Kenya Supplementary Feeding Programme in Mandera	-	10,183
Birmingham University	Research & Policy Health and Education Programme	15,486	13,083
Centro Cultural Islamico	Niger* Emergency Nutrition Response Programme	-	33,697
	General Waqf	-	5,757
Charitable Society for Social Welfare Yemen	Lebanon Water and Sanitation Programme	9,999	-
Kuwait Ministry of Awqaf	International Consultations on HIV/Aids	44,489	-
International Development and Relief Foundation	Bangladesh Cyclone Emergency Relief Programme	85,695	-
	Indonesia Tsunami Recovery Response, Aceh	93,260	100,524
	Indonesia Humanitarian Relief for Tsunami Victims	115,833	49,307
	Sudan Shelter for displaced families in Al Geneina West Darfur	109,814	47,142
	Lebanon Humanitarian relief work in the war affected areas	-	9,403
	Indonesia Java Earthquake Emergency Response	-	11,828
	Afghanistan Hillmand Internally Displaced Persons Agriculture	-	26,953
	Sudan Water Programme, South Kordofan	4,913	-
International Islamic Charitable Organisation	Ethiopia Water and Sanitation Programme	36,166	-
	Lebanon Disaster Response Programme	-	52,657
	Iraq Emergency relief for displaced families Diyala	71,750	-
International Organisation for Migration	International Consultations on HIV/Aids	1,447	-
Islamic Association of Britain	International Consultations on HIV/Aids	24,640	-
Islamic Development Bank	Chechnya School Reconstruction Project	150,285	-
	Niger Primary Health care & Nutrition Programme	8,768	-
	Bangladesh Cyclone Emergency Relief	17,980	-
Life for Relief	International Consultations on HIV/Aids	2,000	-
National Health Services Lambert PCT	International Consultations on HIV/Aids	6,966	-
Qatar Charity	Micro Credit Programmes (Chad, Egypt, Kenya, Sri Lanka)	671,926	-
	Palestine Renal Failure Equipment	-	14,305
	Sphere Training Package Translation	-	11,750
	Qurbani	130,004	-
	Orphans	175,468	-
	Niger Water Programme, Tilleri	82,573	-
	Feed the Needy	20,254	-
	Indonesia Construction of Houses	94,839	-
Qatar Red Crescent	International Consultations on HIV/Aids	12,350	-
	Pakistan Field Hospital	82,645	-
	Mali Regional Programme for Blindness Prevention	25,243	-
Royal Common Wealth Society for the Blind	Pakistan Asia Earthquake Response	-	8,000
Shakur Aid	Bosnia: Micro Credit Programme	154,115	-
Sheikh Zayed Bin Sultan Trust	Ethiopia: Drought Emergency Response	-	20,379
Trocaire		8,762,682	7,708,999

NOTES TO THE FINANCIAL STATEMENTS

Resources Expended

Costs Of Generating Funds

	Activities Undertaken Directly	Support Costs	Total	Total
	2007	2007	2007	2006
	£	£		
9. Cost of Generating Voluntary Income				
Fund-raising & Publicity costs	1,840,261	567,775	2,408,036	2,391,141
Fund-raising Partner Costs*	65,219	89,649	154,868	1,185,482
Campaigns & Events Cost (Refer to note 12)	1,485,701	537,893	2,023,594	1,219,399
e-Fundraising	125,235	89,649	214,884	229,516
	3,516,416	1,284,966	4,801,382	5,025,538

10 Investment Cost - Waqf**

	122,296	89,649	211,945	228,290
--	---------	--------	---------	---------

11. Fund-raising Trading & Other Costs

Awareness Raising**	478,069	149,414	627,483	1,047,142
Trading Subsidiary Costs	1,534,079	337,235	1,871,314	1,605,721
	2,012,148	486,649	2,498,797	2,652,863

* Fund-raising Partner costs represent Islamic Relief Worldwide providing operational costs to the newly formed and smaller Partners, in addition to costs borne by Islamic Relief Worldwide on behalf of all the partners for example for joint advertising costs

** Awareness raising is increasing the profile of the issues that face the people in need that we are trying to help This activity involves disseminating information and raising the profile of the charitable activities of Islamic Relief Worldwide

*** Investment Cost - Waqf incorporates costs related to the administration of Waqf amounting to £57,485 (Refer to Note 30) and £154,460 relating to the promotion of the concept of Waqf from unrestricted funds therefore this element is not charged to capital

12 Campaigns During the year

	2007	2006
Activities	£	£
Africa Appeal	151,020	-
Bangladesh Cyclone	82,277	-
Feed the Needy	643,322	124,809
Floods Appeal	35,916	-
Middle East Emergency	-	123,304
Orphans & Child Welfare	8,234	620,867
Other Campaigns	980,327	208,566
Qurban	122,498	141,853
	2,023,594	1,219,399

* Campaigns during the year represent the key areas of fund-raising activity during the year

NOTES TO THE FINANCIAL STATEMENTS

13. Charitable Activities

The grants included in charitable activities are disclosed in Note 16

	Activities Undertaken Directly	Support Costs	Total	Total
	2007	2007	2007	2006
	£	£	£	£
Emergency Relief	11,304,759	179,298	11,484,057	16,171,534
Feed the Needy	1,323,478	14,941	1,338,419	1,782,538
Qurbani	1,883,653	14,941	1,898,594	1,786,084
Education and Vocational Training	1,123,323	179,298	1,302,621	1,003,705
Sustainable Livelihoods	3,146,022	179,298	3,325,320	2,330,359
Health and Nutrition	1,831,740	179,298	2,011,038	2,557,280
Water and Sanitation	2,171,715	179,297	2,351,012	2,134,590
Orphans	6,724,179	149,415	6,873,594	5,517,013
Advocacy projects	865,792	209,181	1,074,973	725,657
	30,374,661	1,284,967	31,659,628	34,008,760

14. Governance Costs

	Activities Undertaken Directly	Support Costs	Total	Total
	2007	2007	2007	2006
	£	£	£	£
External Audit and Statutory Accounts	32,900	11,953	44,853	49,306
Legal and Consultancy	210,316	59,766	270,082	354,328
Trustees Expenses (Refer to Note 19)	-	-	-	2,048
Internal Audit	60,561	59,766	120,327	129,734
Performance Improvement	92,395	59,766	152,161	161,547
Governance Costs	36,187	29,883	66,070	145,962
	432,359	221,134	653,493	842,925

The organisation has embarked a major restructuring initiative on an international basis This has included substantial costs in registering the organisation's intellectual rights on an international basis as well as legal fees and management consultant fees These costs will continue albeit at a reduced level in 2008.

NOTES TO THE FINANCIAL STATEMENTS

15. Support Cost Allocation

Notes Refer- ences	Management and Administration	Finance	Accounts	Human Resources	Information Technology	Facilities	Total	Total
	2007 £	2007 £	2007 £	2007 £	2007 £	2007 £	2007	2006
Cost of generating Funds								
Cost of generating funds	529,072	129,841	160,253	130,010	290,259	284,594	1,524,029	2,351,038
Fund-raising trading - subsidiary costs	337,235						337,235	343,110
	866,307	129,841	160,253	130,010	290,259	284,594	1,861,264	2,694,148
Cost of charitable activities								
Emergency Relief	62,244	15,276	18,853	15,295	34,148	33,482	179,298	346,874
Feed the Needy	5,186	1,273	1,571	1,275	2,846	2,790	14,941	19,272
Qurbani	5,186	1,273	1,571	1,275	2,846	2,790	14,941	19,272
Education & Vocational Training	62,244	15,276	18,853	15,295	34,148	33,482	179,298	163,801
Sustainable Livelihoods	62,244	15,276	18,853	15,295	34,148	33,482	179,298	163,802
Health & Nutrition	62,244	15,276	18,853	15,295	34,148	33,482	179,298	163,801
Water & Sanitation	62,243	15,276	18,853	15,295	34,148	33,482	179,297	163,803
Orphans	51,870	12,730	15,711	12,746	28,457	27,901	149,415	192,706
Advocacy Projects	72,618	17,822	21,995	17,844	39,840	39,062	209,181	269,791
	446,079	109,478	135,113	109,615	244,729	239,953	1,284,967	1,503,122
Governance Costs								
	76,768	18,840	23,252	18,864	42,116	41,294	221,134	327,604
Total Support Costs	1,389,154	258,159	318,618	258,489	577,104	565,841	3,367,365	4,524,874

Support costs have 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

The grants shown below are shown as part of the charitable expenditure in Note 13

	Grants to Individuals	Grants to Institutions	Total	Total
			2007	2006
	£	£	£	£
Emergency Relief	16,605	6,147	22,752	21,685
Feed the Needy	-	-	-	-
Orphans	200	1,966	2,166	1,000
Qurbani	-	-	-	500
Education and Vocational Training	10,393	59,052	69,445	82,937
Sustainable Livelihoods	-	2,491	2,491	-
Health & Nutrition	20,986	-	20,986	6,700
Advocacy	-	30,000	30,000	-
Total Grants Paid	48,184	99,656	147,840	112,822

17. Net Incoming Resources

	Total	Total
	2007	2006
	£	£
This is stated after charging:		
Auditors' Remuneration	32,900	32,900
Depreciation	269,379	250,953
Profit / (Loss) on disposal of tangible assets - exceptional	5,099	700
Operating Leases other than plant & machinery	174,594	165,890
Exchange (Gain) / Loss	(111,552)	231,861

Auditors remuneration relates solely to audit services, £32,900 represents the total audit fee with £28,900 attributable to Islamic Relief World-wide and £4,000 to the trading subsidiary

NOTES TO THE FINANCIAL STATEMENTS

18. Staff Costs and Emoluments

	Total 2007 £	Total 2006 £
Gross Salaries	4,436,120	4,123,047
Employers National Insurance	430,409	417,937
Pension Contribution	38,889	67,406
	4,905,418	4,608,390
Average number of Employees	Number	Number As reported
Engaged on Charitable Activities	38	48
Engaged on Publicity Activities	27	26
Engaged on Fund-raising Activities	68	60
Engaged on Management and Governance Activities	26	23
Engaged on Support Activities	36	33
	195	190

There were no employees with emoluments in excess of £60,000 per annum (2006 £Nil)

19. Trustees Remuneration

	2007	2006
Trustees are not remunerated (2006 £Nil)		
Neither the trustees nor any persons connected with them have received any remuneration, either in the current year or the prior year		
Number of Trustees	7	5
Trustees Expenses		
Travel	-	£2,048

NOTES TO THE FINANCIAL STATEMENTS

20. Tangible Fixed Assets

Group	Freehold Property	Plant & Machinery	Fittings & Office Equipment	Motor Vehicles	Total 2007
	£	£	£	£	£
Cost					
At 1 January 2007	3,173,504	235,665	1,305,179	114,951	4,829,299
Additions	163,258	14,892	131,704	60,732	370,586
Disposals	-	-	-	(35,504)	(35,504)
Revaluation	168,088	-	-	-	168,088
At 31 December 2007	3,504,850	250,557	1,436,883	140,179	5,332,469
Depreciation					
At 1 January 2007	463,288	124,965	1,030,071	67,453	1,685,777
Charge for the year	60,649	18,838	162,996	26,896	269,379
Disposals	-	-	-	(30,853)	(30,853)
At December 2007	523,937	143,803	1,193,067	63,496	1,924,303
Net book value					
At 31 December 2007	2,980,913	106,754	243,816	76,683	3,408,166
At 31 December 2006	2,710,216	110,700	275,108	47,498	3,143,522

Freehold property is at historical cost and depreciated, an investment property is revalued refer to Note 21

Islamic Relief Worldwide	Freehold Property	Fittings & Office Equipment	Motor Vehicles	Total 2007
	£	£	£	£
Cost				
At 1 January 2007	2,869,190	1,255,243	36,994	4,161,427
Additions	163,258	130,175	14,817	308,250
Disposals	-	-	-	-
At 31 December 2007	3,032,448	1,385,418	51,811	4,469,677
Depreciation				
At 1 January 2007	350,439	1,002,071	21,381	1,373,891
Charge for the year	60,649	155,943	10,767	227,359
Disposals	-	-	-	-
At December 2007	411,088	1,158,014	32,148	1,601,250
Net book value				
At 31 December 2007	2,621,360	227,404	19,663	2,868,427
At 31 December 2006	2,518,751	253,172	15,613	2,787,536

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

NOTES TO THE FINANCIAL STATEMENTS

21. Investments

Charity	Investment in SIF Invest £	Investment in TIC International £	Total Charity 2007 £
As at 1 January 2007	278,845	185,309	464,154
Additions	-	-	-
Disposals	-	-	-
Increase / (decrease) in value	63,605	-	63,605
As at 31 December 2007	342,450	185,309	527,759

The investment in the TIC International relates to Islamic Relief Worldwide's investment in its subsidiary TIC International Ltd. TIC International Ltd provides clothing recycling services.

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 was treated as subsidiary in the group accounts. The increase in value relates to the movement of profit and loss and exchange difference. The property is situated in France and has been revalued on a open market value by 2P Conseils Consultants, France on the 22nd May 2007 at 450,000 Euros.

22. Stocks and Work In Progress

	Group 2007 £	Charity 2007 £	Group 2006 £	Charity 2006 £
Raw Materials	35,150	-	35,000	-
Work In Progress	19,709	-	8,400	-
Finished Goods	222,858	178,266	310,337	222,372
	277,717	178,266	353,737	222,372

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

23. Debtors

	Group 2007 £	Charity 2007 £	Group 2006 £	Charity 2006 £
Debtors falling due within 1 Year				
Trade Debtors	332,870	-	478,131	-
Other Debtors	3,704,491	3,519,007	5,588,562	5,522,376
Prepayments	150,537	150,537	122,866	122,866
Amounts due from associated and subsidiary undertakings	-	83,191	-	299,115
	4,187,898	3,752,735	6,189,559	5,944,357
Debtors falling due after 1 Year				
Other Debtors	467,010	467,010	549,416	549,416

Amounts due from associated and subsidiary undertakings included a £Nil Gift Aid Payment (2006 £270,000)

NOTES TO THE FINANCIAL STATEMENTS

24. Creditors: amounts falling due within one year

	Group 2007 £	Charity 2007 £	Group 2006 £	Charity 2006 £
Bank Loans and Overdrafts	-	-	6,250	-
Trade Creditors	1,219,881	763,890	1,261,901	856,110
Accrued Expenses	35,179	35,179	235,735	235,735
Other Creditors	757,634	676,610	1,165,301	1,116,637
PAYE and NI	154,444	135,068	136,718	127,153
Unpaid Pension Contributions	-	-	6,343	6,343
	<u>2,167,138</u>	<u>1,610,747</u>	<u>2,812,248</u>	<u>2,341,978</u>

Other Creditors represents amounts due to Islamic Relief Implementing Partners

25. Commitments

Operating Leases other than plant & machinery	Group 2007 £	Charity 2007 £	Group 2006 £	Charity 2006 £
Expiring				
Less than one year	10,500	-	-	-
Between 2 -5 years	33,261	33,261	24,266	18,636
More than 5 Years	13,200	13,200	-	-
Total	<u>56,961</u>	<u>46,461</u>	<u>24,266</u>	<u>18,636</u>

As at 31 December 2007 the group had no capital commitments (2006 £Nil)

26. Pension Costs

The charity operates a group personal pension scheme, which effectively means that all employees that join the scheme have their own pension plan, and it is not a company pension scheme. The contributions made by the charity are charged as expenditure in the year. Employers' Contributions vary between 2% and 4% dependent on the length of the service.

Pension Contributions for 2007 and 2006 are as stated in Note 18

Note 24 No amounts were due to the Pension plan provider as at 31 December 2007 comprising employer and employee pension contributions (2006: £6,343)

NOTES TO THE FINANCIAL STATEMENTS

27. Analysis of Assets and Liabilities Representing Funds

At 31 December 2007	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£	£
Group					
Tangible Fixed Assets	-	1,040,484	-	2,367,682	3,408,166
Current Assets	5,630,806	-	9,234,078	-	14,864,884
Current Liabilities	(2,167,138)	-	-	-	(2,167,138)
	<u>3,463,668</u>	<u>1,040,484</u>	<u>9,234,078</u>	<u>2,367,682</u>	<u>16,105,912</u>

28. Unrestricted Funds

	General Reserve	Unrestricted Fund: held as fixed assets	Total
	£	£	£
Balance as at 1 January 2007	2,662,648	1,053,369	3,716,017
Net incoming Resources	7,648,141	-	7,648,141
Transfer to restricted funds	(6,860,006)	-	(6,860,006)
Transfer between funds	12,885	(12,885)	-
Balance as at 31 December 2007	<u>3,463,668</u>	<u>1,040,484</u>	<u>4,504,152</u>

NOTES TO THE FINANCIAL STATEMENTS

29. Restricted Funds

	Balance as at 1 January 2007	Total Incoming Resources	Total Resources Expended	Transfers	Balance as at 31 December 2007
	£	£	£	£	£
Appeal Funds					
A					
Afghanistan	987,674	91,104	687,827	-	390,951
Africa	-	720,210	-	(720,210)	-
Albania	2,588	52,358	345,900	300,291	9,337
Bangladesh	(83,114)	2,306,039	1,745,483	290,331	767,773
Bosnia	2,299	158,727	302,606	167,490	25,909
B					
Chad	-	725,276	818,008	47,250	(45,481)
Chechnya	(89,700)	591,919	605,849	244,119	140,489
China	-	79,121	198,793	151,428	31,756
Egypt	(16,037)	265,429	131,834	87,963	205,521
Ethiopia	(234)	559,774	585,386	233,294	207,448
India	64,085	2,584	978	-	65,691
C					
Indonesia	326,711	1,969,176	4,076,185	1,198,766	(581,532)
Iran	246,804	1,304	-	-	248,108
Iraq	1,006,210	630,638	862,993	-	773,855
D					
Kenya	250	498,846	955,813	205,486	(251,231)
Kosovo	117,015	2,354	280,304	162,717	1,782
Lebanon	654,461	264,854	447,450	-	471,865
E					
Mali	(295,170)	83,705	774,874	970,311	(16,028)
Malawi	(79,647)	160,389	162,441	114,389	32,690
F					
Niger	(13,210)	393,757	781,985	403,669	2,231
Pakistan	4,380,319	2,567,127	3,845,407	-	3,102,039
Palestine	877,058	1,232,297	1,399,932	-	709,423
Somalia	(2,349)	664,442	1,201,010	771,458	232,541
G					
South East Asia	-	1,125,700	-	(1,125,700)	-
H					
Sri Lanka	41,790	104,679	1,557,258	1,515,389	104,600
I					
Sudan	(654,483)	1,734,481	3,859,051	1,542,499	(1,236,554)
J					
Yemen	6,152	428	383,619	366,388	(10,651)
K					
Advocacy	-	250,792	343,114	-	(92,322)
Orphans	2,254,150	7,920,406	7,225,006	-	2,949,550
L					
Qurbani	27,100	2,876,928	2,413,219	-	490,809
M					
Ramadhan	46,597	1,586,184	1,533,059	-	99,722
N					
Water & Sanitation	15,653	209,085	-	(33,644)	191,094
O					
Other countries	212,014	682	247,891	247,888	212,693
Total	10,034,986	29,830,795	37,773,275	7,141,572	9,234,078

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 world stated above. Projects implemented include emergency response intervention, development programmes to help stricken victims restart their lives and to provide long term sustainable benefits for a community, including Orphans Sponsorship, Health and Nutrition, Water Supply and Sanitation projects, Agricultural projects, Income Generation and Educational projects.

Inter funds transfer of £7.3m from unrestricted funds have been made to restricted funds to cover deficit on various projects. Zakat funds (annual religious payments by able Muslims to help the poor) have been used to cover shortfalls in emergency, food distribution and Water & Sanitation projects implemented in various countries that include Albania, Bosnia, Chechnya, Egypt, Mali, Malawi, Somalia and Sudan.

Negative funds balances are only carried forward when there is a reasonable expectation that funds will be received from donors for costs already incurred, as detailed overleaf.

NOTES TO THE FINANCIAL STATEMENTS

29. Restricted Funds (continued)

A. AFRICA: Funds are raised under a Africa appeal to applied to projects within African Countries. The transfer out of the Africa funds has been utilised to cover emergency projects in Kenya, Mali, Niger, Somalia and Sudan.

B. CHAD: Expenditure has been incurred for the Internally Displaced Persons emergency assistance in Chad. This project is funded by the Department of International Development; thus funds will be received that will cover the expenditure.

C. INDONESIA: Expenditure has been incurred for the Tsunami response programmes in Indonesia funded by CAFOD, UNICEF and the DEC; thus funds will be received that will cover the expenditure.

D. KENYA: Expenditure has been incurred for the Integrated Nutrition and water sanitation emergency programme in Kenya funded by ECHO; thus funds will be received that will cover the expenditure.

E. MALI: Expenditure has been incurred for the shipment port and distribution costs of In-kind funded by Panama ICC; thus funds will be received that will cover the expenditure.

F. NIGER: Expenditure has been incurred for a Water Drilling machine. Projected funded by Al Eslah Society; therefore funds will be received that will cover the expenditure.

G. SOUTH EAST ASIA: The South East Asia fund was accumulated as a result of the Tsunami response appeal. The transfer out of South East Asia fund indicates funds utilised to cover Tsunami emergency projects in Indonesia and Sri Lanka.

H. SRI LANKA: Expenditure has been incurred for emergency donor funded projects; therefore funds will be received that will cover the expenditure.

I. SUDAN: Expenditure has been incurred for Community based re integration, internally displaced persons assistance and other programmes in Sudan funded by UNDP, CIDA and Al Eslah; therefore funds will be received that will cover the expenditure.

J. YEMEN: Expenditure has been incurred for emergency Islamic Relief Partner funded projects; therefore funds will be received that will cover the expenditure.

K. ADVOCACY: An HIV Conference was held in 2007 funded by numerous donors and Partners; thus it is expected that funds will be received that will cover the expenditure incurred.

L. QURBANI: The Qurbani projects involve the distribution of meat as a result of the Eid Al Adha Celebration (the celebration of sacrifice).

M. RAMADAN: The Ramadhan projects relate to a programme of feeding the needy during the Muslim month of Ramadan.

N. WATER & SANITATION: The funds raised under Water and Sanitation have been utilised to under water & sanitation projects in

O. OTHER COUNTRIES: The expenditure in the other countries category primarily represents Islamic Relief's emergency assistance to the flooding the United Kingdom faced in 2007.

30. Endowment Funds

Endowment Funds	Balance as at 1 January 2007 £	Total Incoming Resources £	Total Resources Expended £	Transfer £	Balance as at 31 December 2007 £
Waqf Support	229,336	60,490	1,197	(86,839)	201,790
Waqf General	501,111	141,812	14,106	(118,538)	510,279
Waqf Orphans	481,661	120,515	13,028	(29,745)	559,403
Waqf Emergency	103,646	34,643	3,383	(17,748)	117,158
Waqf Water	296,090	103,299	10,103	(9,471)	379,815
Waqf Education	140,304	51,141	5,060	(6,537)	179,848
Waqf Qurbani	52,398	33,109	2,709	(2,062)	80,736
Waqf Health	88,143	35,427	4,098	(7,402)	112,070
Waqf Income Generation	65,286	36,144	3,801	(3,224)	94,405
Waqf in Property	132,178	-	-	-	132,178
Total	2,090,153	616,580	57,485	(281,566)	2,367,682

Waqf funds are permanent endowment funds which are held within the charity to generate further funds. At the moment, these are invested into 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 2007 income from these waqf investments amounting to £281,566 (2006 £88,861) will finance future projects long term sustainable humanitarian development projects.

NOTES TO THE FINANCIAL STATEMENTS

31. Fund-raising Partner Project Funding

This Note further analyses and shows the summary of funds from Partners shown in Note 4 by the actual humanitarian projects/sectors funded by the Partners. For a summary Refer to Note 4 Donations Disclosure by Country/Partner

		Total 2007 £
Islamic Relief Belgium	Feed the Needy - Ramadhan	54,165
	Orphans	215,156
	Qurbani	41,289
	Waqf	23,956
	Palestine	
	School Bags	1,426
	Islamic Relief Humanitarian Core Aims Programmes*	313,824
Total		648,390
Secours Islamique France	Feed the Needy - Ramadhan	276,494
	Orphans	962,872
	Qurbani	326,665
	Iraq	
	Power Plant Rehabilitation	65,194
Total		1,631,225
Islamic Relief Deutschland	Feed the Needy - Ramadhan	206,669
	Orphans	376,195
	Qurbani	734,306
	Bangladesh	
	Emergency Cyclone Response	35,984
	Islamic Relief Humanitarian Core Aims Programmes*	30,342
Total		1,383,496
Islamic Relief Nederland	Feed the Needy - Ramadhan	154,946
	Orphans	317,762
	Qurbani	254,195
	China	
	Nanshan Rainwater Harvesting	2,286
	Palestine	
	Toys & Books Libraries for Disadvantaged Kindergartens	20,336
	Islamic Relief Humanitarian Core Aims Programmes*	381,213
Total		1,130,738
Islamic Relief Italy	Feed the Needy - Ramadhan	23,250
	Orphans	114,182
	Qurbani	1,312
	Waqf	25,421
	Ethiopia	
	Education Material Support Programme	8,269
	Islamic Relief Humanitarian Core Aims Programmes*	61,963
Total		234,397
Islamic Relief Mauritius	Feed the Needy - Ramadhan	31,771
	Orphans	48,449
	Qurbani	35,416
	Waqf	14,026
	Islamic Relief Humanitarian Core Aims Programmes*	141,372
Total		271,034
Islamic Relief South Africa	Islamic Relief Humanitarian Core Aims Programmes*	75,000
Total		75,000
Islamic Relief Sweden	Feed the Needy - Ramadhan	19,417
	Orphans	106,866
	Qurbani	14,023
	Chechnya	
	Orphanage Food & Clothes Programme	7,698
	Palestine	
	Gaza Emergency	277,704
	Islamic Relief Humanitarian Core Aims Programmes*	175,364
Total		601,072

*Our core aims are: 1 Responding to emergencies, 2 Caring for orphans and children in need, 3 Supporting education, 4 Providing access to health care and water, 5 Promoting sustainable livelihoods

NOTES TO THE FINANCIAL STATEMENTS

31. Fund-raising Partner Project Funding continued

		Total 2007 £
Islamic Relief Association Switzerland	Partner	
	Project	
	Feed the Needy - Ramadhan	19,417
	Orphans	188,871
	Qurbani	21,482
	Waqf	58,924
	Bangladesh Emergency Cyclone Response	44,551
	Chechnya Orphanage Foods & Clothes Programme	7,117
	Iraq Water Treatment Plant Programme	25,036
	Malawi Water Programme	49,768
	Palestine Supporting the Catherization Unit Programme	45,442
	Islamic Relief Humanitarian Core Aims Programmes*	178,611
	Total	639,219
Islamic Relief Association Switzerland donor Haresfort donated to the UK an amount of £52,941 which is acknowledged as the fund-raising activities of Islamic Relief Association Switzerland		
Islamic Relief USA	Partner	
	Project	
	Feed the Needy - Ramadhan	301,159
	Orphans	1,706,465
	Qurbani	351,007
	Albania Shkrode & Koplik Community Training Centre	50,112
	Bangladesh Emergency Cyclone Response	119,863
	Bangladesh Mother & Child Health care Programme	63,273
	Chechnya Food Distribution	77,647
	China Nanshan Rainwater Harvesting	59,391
	Egypt Helwan Early Intervention Centre	180,292
	India Gurjat Flood Emergency	74,545
	Indonesia Boarding and Education School Reconstruction	147,616
	Pakistan Neelum Valley Health Programme	115,573
	Pakistan Health Units Construction	534,903
	Pakistan Emergency Flood Relief	48,996
	Pakistan Integrated development programme	133,185
	Palestine Kindergarten Nutrition Programme	197,936
	Palestine Rehabilitation of damaged houses in Beit Lahia & Rafah	89,625
	South Africa HIV & Aids Conference	25,541
	Sudan Greater Upper Nile Recovery and rehabilitation	49,858
	Sudan Post war Health Programme	198,926
	Supporting In-Kind donations	140,338
	Islamic Relief Humanitarian Core Aims Programmes*	129,680
	Total	4,795,931

*Our core aims are: 1 Responding to emergencies, 2 Caring for orphans and children in need, 3 Supporting education, 4 Providing access to health care and water, 5 Promoting sustainable livelihoods

NOTES TO THE FINANCIAL STATEMENTS

32. UK Donations*

We would like to sincerely express our gratitude to our Donors - Individuals, Corporations, Institutions and others who have generously donated facilitating us to deliver the emergency and development assistance to beneficiaries across the globe. Whilst emergencies may receive more media-attention, through the assistance and support of our donors we continue to deliver humanitarian programmes in countries that do not receive the media-attention. Our sincere thanks are to all our donors who facilitate us to reach the beneficiaries in need. Thank You.

This note highlights some of the projects that have been made possible through your support and donations

*The income raised in the UK relates to the income raised by Islamic Relief Worldwide through its headquarters and through its various offices and branches in the UK.

	Total
	2007
	£
Feed the Needy Programmes	417,287
Qurbani Programmes	943,787
Orphans & Child Welfare Programmes	2,609,020
Waqf	346,484
<i>Humanitarian Programmes delivered in each Country</i>	
Afghanistan	87,467
Afghanistan Emergency Programmes	
Afghanistan Kandahar Livestock Development Programme	
Afghanistan Rehabilitation of Irrigation System in Loghar Province	
Albania	267,785
Haji Shamia School Programme	
Albania Infrastructure Programme	
Combating Blood Feud in Shkodra	
Bangladesh	1,127,709
Emergency Floods & Cyclone Response	
Bangladesh Community Based Disaster Preparedness	
Sunamgonj Integrated Sustainable Community Programme	
Community Farming & Training Centre	
Vocational Training and Employment Support	
Health & Eye sight programmes	
Bosnia	165,245
Micro-credit Programmes	
Chad	924,636
Internally displaced persons emergency assistance Programmes	
Well digging - water and sanitation Programmes	
Chechnya	423,445
School Construction & Expansion of Nalchik computer centre Programmes	
Emergency Food Distribution Programmes	
China	107,498
Dongfeng & Qiemo Drinking water Programmes	
Integrated Rural Development Programme Tongxin County, Ningxia	
Indonesia	1,486,114
Community engagement toward livelihood betterment & prosperity	
Livelihoods, Health and Water Programmes	
Tsunami rehabilitation Programmes	

NOTES TO THE FINANCIAL STATEMENTS

32. UK Donations (Continued)

	Total 2007 £
<i>Humanitarian Programmes delivered in each Country</i>	
Iraq	44,399
Emergency Response Programmes	
Kenya	222,690
Emergency Food distribution Programmes	
Water & Sanitation Programmes	
Kosovo	166,957
Micro-credit Programmes	
Lebanon	68,869
Emergency Response Programmes	
Malawi	150,640
Malawi Food Crisis Programmes	
Water Programmes	
Mali	816,495
Gourma Rharous education for all Programme	
Food Security & Nutrition Programme	
Water & Sanitation Programmes	
Niger	355,035
Primary Healthcare & Nutrition Programmes	
Well Digging and Water & Sanitation Programmes	
Pakistan	1,119,767
Integrated development Programmes	
Asia Earthquake Rehabilitation & Development Programmes	
Prevention of Blindness Programme	
Balochistan Floods Relief Programme	
Palestine	241,530
Palestine Improving Al Sheaf Maternity Hospital	
Integrated Care for Traumatized Children	
Psycho-Social Counselling & Early Intervention for Children	
Somalia	879,729
Somalia Integrated Community Health	
Puntland Water & Sanitation	
Empowering Somali Communities through Education	
Emergency Food Assistance to Internally displaced persons	
Sri Lanka	593,391
Tsunami rehabilitation Programmes	
Sudan	1,810,768
Sudan Community Improved Health Programmes	
Post War Rehabilitation Programmes	
Basic Needs Assistance to Internally displaced persons	
Well Digging and water & sanitation programmes	
Yemen	83,019
Yemen Al Selo Water and Health Programme	
UK	209,960
UK Floods Relief Programme	
Grants (as disclosed in Note 16)	
International Consultations on Islam and HIV/AIDS	208,452
Allocated to further Islamic Relief Humanitarian Core Aims Programmes	1,963,202
Total	17,486,700