

23655712

# Islamic Relief and Subsidiary Undertakings

*(Company Limited by Guarantee)*

Financial Statements

for the year ended

31 December 2003



الإغاثة الإسلامية



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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#### **Trustees / Directors**

Dr S Zahir (Chairman)  
Dr E El-Haddad  
Dr M El-Alfy  
Mr N Al-Noori  
Mr I El-Zayat

#### **President**

Dr H A G El-Bana, OBE

#### **General Manager**

Mr H Atallah ACA, FRSA

#### **Secretaries**

Dr M El-Alfy  
Dr E El-Haddad

#### **Registered Office**

19 Rea Street South  
Digbeth  
Birmingham  
B5 6LB

#### **Auditors**

Dains Chartered Accountants  
St Johns Court  
Wiltell Road  
Lichfield  
Staffordshire

#### **Bankers**

Barclays Bank plc  
15 Colmore Row  
Birmingham  
B3 2BY

NatWest plc  
103 Colmore Row  
Birmingham  
B3 3NS

#### **Solicitors**

Wragge & Co  
55 Colmore Row  
Birmingham. B3 2AS

Hadens Solicitors  
Leicester Buildings Bridge Street  
Walsall. WS1 1EL

**Company Number:** 2365572

**Registered Charity:** 328158



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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#### **TRUSTEES' REPORT**

The trustees, who are the directors for the purpose of the Companies Act 1985, submit their annual report and the group financial statements of Islamic Relief for the year ended 31 December 2003. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued October 2000.

#### **Legal Status**

Islamic Relief is a company limited by guarantee (No.2365572) and a 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 registered with the Charity Commission on 6 April 1989. Islamic Relief's objectives and powers are set out in its Memorandum and Articles of Association.

#### **Principal activities and objectives**

Islamic Relief is a non-governmental, non-political humanitarian aid organisation with operations in over 25 countries. It is dedicated to helping people in need. This is achieved by:

1. Directing our efforts to help the world's poorest people,
2. 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. These can be broadly categorised as follows:
  - Health and nutrition
  - Water supply and sanitation
  - Income generation
  - Institutional development and social organisation
  - Shelter
  - Education and vocational training
  - Orphan sponsorship
3. Working alongside partner organisations in pursuit of common objectives. This helps utilise local knowledge as well as assisting in development work. In all cases, the work is monitored directly by Islamic Relief's officers to ensure that the programme is delivered in

accordance with the organisation's standards and maximum value is obtained for the beneficiaries.

4. Islamic Relief procedures also ensure that partner organisations receiving support are properly examined before any funds are channelled for charitable purposes.

#### **Organisational Structure**

The headquarters of the worldwide family of Islamic Relief is located in Birmingham, United Kingdom.

The governance of Islamic Relief is the responsibility of the Board of Trustees that is made up of 5 elected trustees.

The Board of Trustees has appointed a Management Committee to oversee its financial transactions, including investments. The Management Committee has been given specific responsibilities and makes recommendations to the Board of Trustees.

The Board of Trustees and the Management Committee are based at the headquarters, and this is where the central staff are based. The primary roles of the central staff are to lead the implementation of the policies laid down by the Board of Trustees and support the work of other staff and volunteers. All major humanitarian campaigns are coordinated from the headquarters.

TIC International Limited, a trading subsidiary, supports the fundraising activities of Islamic Relief through providing clothing recycling and mailing fulfilment services. The assets, liabilities and trading results of this company is incorporated in the consolidated financial statements.



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

The offices, below, are established as separate independent legal entities in their own jurisdictions. Therefore, their results are not included within these accounts. They are primarily dedicated to raising humanitarian funds and awareness of Islamic Relief Projects.

- Belgium
- France
- Germany
- Holland
- Italy
- Mauritius
- Sweden
- Switzerland
- USA

Most humanitarian projects are carried out by Islamic Relief operations in the countries listed below:

- Afghanistan
- Albania
- Bangladesh
- Bosnia
- Egypt
- Indonesia
- Kosova
- Mali
- Iraq
- Pakistan (including Kashmir)
- Palestinian Authority Areas
- Russian Federation (Chechnya / Ingushetia)
- Sudan

Islamic Relief continued working towards enhancing the management of the charity and its effectiveness in the field, involving a review of structural and policy issues. Islamic Relief has been undertaking a process of formulating standards and policies which has been consultative and covered all aspects of Islamic Relief's work.

#### Review of the consolidated financial statements for 2003

##### *Fundraising*

Islamic Relief continued in its objectives of working towards alleviating the poverty and suffering of humanity. In pursuit of this objective Islamic Relief fundraising activities are twofold, the first deals with raising adequate funds for approved projects and campaigns while the second is the process of implementation and accountability of expenditure on these projects.

Fundraising operations from the countries listed excluding the UK contributed 41% or £5.9 million (2002: 46% or £7.5 million) of the donations and similar incoming resources (see page 12) while private contributions received in the UK accounted for £6.9 million or 49% (2002: 40% or £4.4 million). Institutional funding accounted for £1.4 million or 10% of donations and similar incoming resources (2002: £1.5 million or 9%). Continued cooperation with DFID (Department for International Development) and ECHO (European Community Humanitarian Organisation) resulted in income received from ECHO and DFID, making up 68% of institutional contributions.

The most significant centres of fundraising activity outside the UK are the USA and France, with fundraising activities within these countries each contributing £2.1 million (34%) of the £6.0 million received from the overseas Fundraising operations. The remaining (32%) of the £6.0 million was contributed by all the remaining operations listed.

##### *Humanitarian & Development aid*

The charity's principal activity in furtherance of its objectives was the provision of emergency aid and development projects throughout the world. Most of the humanitarian assistance provided is carried out in developing countries. The restricted funds report (see note 15) reflects the size of operations in different countries.

Iraq, Palestine, Chechnya (the Russian Federation) and Afghanistan, received the greater amounts of donations. They have all been countries where humanitarian aid was needed due to ongoing conflicts.

Pakistan/Kashmir have continued to receive institutional support aimed at helping people in areas that suffer from lack of adequate resources.

In 2003, Islamic Relief's emergency aid and development projects were extended to post-war Iraq through food distribution and the rehabilitation of schools and health centres. Islamic Relief has been addressing one of the greatest needs in Iraq – the Primary Health Care Centres through the distribution of



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

medical equipment and drugs, plus emergency medical kits. Furthermore, a project to support Iraq's hundreds of Syrian refugees was implemented in association with the United Nations High Commissioner for Refugees (UNHCR). Islamic Relief received £1.5 million with the launch of the Iraq emergency appeal for the aid of the Iraqi's affected by the conflict, of which, £1.2 million spent during the year.

2003 again was dominated by the continuing conflict in the Palestinian Authority areas. Islamic Relief received £1.4 million for the aid of Palestinians, of which, £0.7 million was spent during the year. Islamic Relief's emergency & development programmes in the Palestinian Authority areas were severely hampered by the restrictions imposed by the ongoing conflict. Despite the extreme difficulties faced by staff operating in these areas, Islamic Relief managed to get badly needed supplies to the needy Palestinians in Gaza and the West Bank. Amongst Islamic Relief's aid to the Palestinians included the integrated care of traumatised children.

Extensive operations in the Russian Federation for Chechens also continue on a major scale with an expenditure of £1.4 million, which incorporates the provision of primary healthcare, hygienic provisions, as well as basic food supplied by WFP (World Food Programme).

Islamic Relief has remained highly active in Afghanistan, receiving £0.3 million in aid from private and institutional funding. Relief work was undertaken to assist the internally displaced people. Projects undertaken during 2003 included supporting teacher training efforts through the repair of Teacher Training Centres in Kandahar and the implementation of irrigation rehabilitation in areas such as the Helmand Province. The total amount expended was £0.9 million. The Afghanistan office has faced dangerous conditions with continued insecurity. Afghanistan is a recipient of aid from both ECHO and DFID.

Furthermore, Islamic Relief has been active in the Panjshir Valley, Afghanistan assisting those affected by the flash flooding during 2003 through food distribution.

Kashmir has remained a key focus for Islamic Relief's Humanitarian & Development aid. Islamic Relief lost a colleague in January 2003, due to cross border fire along the line of control of Free Kashmir and Occupied Kashmir. The situation has since calmed and the cease fire continues to hold. Islamic Relief operates a Health and Nutrition programme which focuses on providing much needed access to community health services. Amongst other projects there includes an integrated community based project which entails providing access to clean

water, sanitation facilities and hygiene promotion. Total expenditure amounted to £0.4 million.

Islamic Relief's provision of aid in Balouchistan, Pakistan involved mitigating the effects of droughts, along side improvements to the well being of the people of the area, and food distribution to those affected by the drought.

During 2003, Islamic Relief revitalised its efforts to assist the people of Sudan, through the provision of hygiene, water and sanitation facilities and assisting children with impaired hearing with education facilities. Successful efforts were made to reach people in South Sudan under the authority of Sudan Peoples Liberation Movement (SPLM). One of the main projects conducted by Islamic Relief in South Sudan was a feed the needy project. Resources expended on the various projects in Sudan amounted to £0.6 million.

Amongst Islamic Relief's Humanitarian & Development aid throughout the world includes various projects in numerous countries:

In Bangladesh and Kosova, Islamic Relief operates a Micro-credit programme – assisting the disadvantaged people to break the cycle of poverty, and amongst other numerous projects is the provision of hand pumps ensuring safe drinking water and reducing water related diseases. In Mali Islamic Relief undertakes the provision of water and sanitation and education facilities.

Islamic Relief continued to reach a greater number of children through its Orphans programme. The expenditure for the assistance of orphans during 2003 was £1.46 million. This area of work is expected to grow considerably in 2004 with many projects targeting orphaned children.

Islamic Relief carries out two annual campaigns during the Muslim celebrations of Eid Al Adha or Qurbani (the celebration of sacrifice where the meat is distributed amongst the poor) and Eid Al Fitr (celebration at the end of the month of fasting). These two



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

seasonal projects together constitute over £2.3 million of direct charitable expenditure.

#### *Incoming Resources*

The Statement of Financial Activities on page 12 has been prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Charity Commission in November 2000. Income and Expenditure are divided between restricted, unrestricted and endowment/wakf funds. This, we hope, will help you gain a better understanding of our financial activities.

The consolidated net incoming resources for charitable application were £11.3 million for the year which is a decrease of nearly 18% on 2003 (£13.8m). A detailed breakdown of Income and expenditure by country and major project by the year end is provided in Note 15.

#### *Outgoing Resources*

Zakat and general funds of over £2.4 million were used to benefit people in many parts of the world including Albania, Bangladesh, Bosnia, Chechnya, Pakistan, Mali and Sudan and were used to cover deficit funds to designated projects where required.

Direct charitable expenditure includes the direct costs of projects and the costs of overseeing their implementation. The costs of developing awareness and information campaigning are included in the fundraising costs. Overheads were allocated according to their purpose.

During 2003 general Emergency Relief represented 31% of our charitable expenditure (cost of activities in furtherance of the objects of the charity in the SOFA) while seasonal projects of Ramadan (the Islamic month for fasting) and Qurbani (the Islamic celebration of sacrificing cow/sheep) accounted for about 24%. Development & Rehabilitation projects that covered areas of rebuilding, income generation, education as well as health and sanitation programmes represented 31%, with 13% representing the Orphans programme. The remaining 1% related to other projects.

#### **Performance of the trading subsidiary**

TIC International Ltd generated a net income of £61k in 2003 (refer to Note 3) following losses in prior years. This was achieved despite 2003 being a very challenging year, due to the impact of the weak US\$ and challenges as a result of a relocation. However, through determination TIC International increased its production by 39% and collected 2200 tonnes of clothing nationwide.

#### **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. Islamic Relief purchased a further property in 2002 to accommodate demand for additional office space.

#### **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.

Islamic Relief 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 offices 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, and,
- 3- that the best income is obtained from funds for its purpose.

Funds from Waqf (endowments, which are generally in long-term investments), and other donations for Islamic Relief projects can be used for investments. The return on the Waqf investment is 7% for 2003.

In January 2000 we invested in *SIF Invest* which purchased premises in Paris at a cost of £252,000 that have been rented to *Secours Islamique*, our sister organisation in France.

SIF Invest is incorporated in France and effectively owns an investment property. Islamic Relief owns 99% of the share capital of SIF Invest.



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SIF Invest's sole function is managing the property rented out to *Secours Islamique*. It does not engage in any other trading activities.

#### Reserves policy

The main principles of the Reserves Policy are that adequate funds are held for meeting obligations and emergencies, that they are discharged as soon as practicable and that operations are not affected due to the absence of funds. Sufficient protection is built in to ensure that no disruption of Islamic Relief operations worldwide occurs.

Islamic Relief maintains a 7-month reserves policy for its core operational budget plus an appropriate amount for emergency budgets.

These funds are to be held in medium and long term cash forms. The amount to be held in current accounts should be 25% of net reserves (total reserves less fixed assets and endowments), while 55% can be held in medium term investments (convertible within 3 months). The remaining 20% of net reserves can be maintained in longer term fixed investments.

An annual review of the reserves policy incorporating an evaluation of risk, is undertaken by the Head of Finance for the Board of Trustees, this monitors reserves and proposes amendments to both the policy and the level of reserves held. The Board of Management can approve short-term adjustments while the governing document can only be amended by the Board of Trustees. For current levels of reserves see notes 16 & 17.

#### Risk Management

Adhering with the recommendations of the Statement of Recommended Practice for Accounting and Reporting by Charities, the trustees constantly review risks faced by the organisation and have implemented a risk management policy to assess the risks faced by Islamic Relief in the provision of humanitarian aid.

There are regular reviews on areas of concern to the Charity particularly with reference to our image in the media post 9/11, staff security in field offices, staff recruitment and financial and operational guidelines in both the UK and overseas.

A process of identifying risks and developing of an ongoing programme to monitor and mitigate risks is undertaken and reviewed by the Management Committee and the Board of Trustees. This ongoing programme incorporates all aspects of risk to the organisation in relation to

governance, operational, financial, external and compliance.

The process involves the Executive ensuring that the recommendations of the Internal Audit Unit are followed up.

#### Internal Audit & Control

The Internal Audit department aims to carry out a programme of regular risk-based cyclical audits across fund offices and field offices. Effectively the audit programme encompasses risk-based audits of overseas projects and UK based functions. The Internal Audit team reports directly to the Head of Finance and the Executive Committee.

Islamic Relief has in place a system of internal controls designed to ensure that 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 the results and variances from budgets by the Management Committee.
- (3) Reviewing and ensuring the segregation of duties.
- (4) The identification and the management of risk.

#### Supplier Payment Policy and Practice

It is the policy of Islamic Relief that payments are made to suppliers in accordance with those terms and conditions agreed between Islamic Relief 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.

#### Directors

The Directors, who constitute the Executive, are elected by the Annual General Meeting of Members. The Executive has the power to appoint additional Directors or 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





## Islamic Relief and Subsidiary Undertakings

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Companies Act 1985. The following Directors have held office since 1 January 2003:

Dr S Zahir  
Dr M El-Alfy  
Dr E El-Haddad  
Mr N Al-Noori  
Mr I El-Zayat

#### Specific Restrictions

The Memorandum of Association makes specific restrictions on the conditions of operations. They are:

- (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 the members of the company and requires that the income and property of the company shall be applied solely towards the promotion of its objects.

#### Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed; subject to any material departures disclosed in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of

the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Volunteers Help and Gifts in Kind

The trustees extend their gratitude to all the volunteers that have assisted Islamic Relief in achieving its goals and objectives. Furthermore, the trustees extend their gratitude to the public who have been very generous in providing gifts in kind, in particular clothing for resale through the Islamic shops.

#### Future Activities

Islamic Relief in 2004 plans to extend its projects in post war Iraq including the commencement of rehabilitation of water treatment plants, similarly Islamic Relief aims to extend its relief and humanitarian activities in South Sudan. Islamic Relief aims to extend its Orphans programme to care for more Orphans in a wide range of countries. Furthermore, it aims to be in a position to respond swiftly to any emergency that may affect humanity. An international process that involves the various stakeholders is expected to produce the organization's strategy for the coming 3-5 years. Adjustments to the structure of the organization continue according to the plans agreed by the Trustees.

#### Auditors

A resolution to re-appoint Dains Chartered Accountants, as auditors, will be put to the members at the Annual General Meeting.

By order of the Board



Dr M El-Alfy  
Trustee/Director

29 July 2004



## **Islamic Relief and Subsidiary Undertakings**

### **Annual Report and Financial Statements year ended 31 December 2003**

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#### **Independent Auditors' Report to the Members of Islamic Relief Limited**

We have audited the financial statements of Islamic Relief Limited and Subsidiary Undertakings on pages 12 to 25 for the year ended 31 December 2003 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of Islamic Relief Limited for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity 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 transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the trustees' in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 misstatement, 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.



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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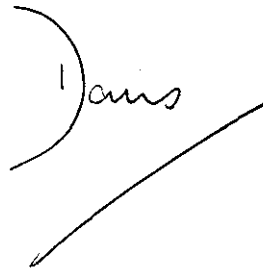
#### Independent Auditors' Report to the Members of Islamic Relief (continued)

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##### Opinion

In our opinion the financial statements give a true and fair view of the state of the group and charity's affairs as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Dains Chartered Accountants  
Registered Auditor**



13<sup>th</sup> August 2004  
St John's Court  
Wiltell Road  
Lichfield  
Staffordshire  
WS14 9DS



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Consolidated Statement of Financial Activities And Income & Expenditure Account for the year ended 31 December 2003

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2003 Total £	2002 Total £ As Restated
Incoming Resources						
Donations and similar incoming resources Activities in furtherance of the charity's objects:	2	3,389,840	10,179,314	385,512	13,954,666	16,306,533
Trading subsidiary	3	1,039,926			1,039,926	1,020,327
Investment income		2,353			2,353	38,028
Other income		226,556			226,556	122,223
Total incoming resources		4,658,675	10,179,314	385,512	15,223,501	17,487,112
Fund-raising costs	4	1,835,192	1,948,859	64,309	3,848,360	3,658,556
Net incoming resources available for charitable application		2,823,483	8,230,455	321,203	11,375,137	13,828,556
Charitable Expenditure						
Cost of activities in furtherance of the objects of the charity:	5	54,997	9,352,992	-	9,407,989	12,018,983
Grants Payable in Furtherance of the Charity's Objects		5,865		-	5,865	39,755
Support costs	6	159,215	504,180	-	663,395	640,526
Managing and administering the Charity	7	179,509	568,445	-	747,954	732,573
Total Charitable Expenditure		399,584	10,425,617	-	10,825,203	13,431,837
Total resources expended		2,234,777	12,374,477	64,309	14,673,563	17,090,394
Net incoming resources/(expenditure) for the year	8	2,423,895	(2,195,163)	321,203	549,938	396,718
Transfer between funds		(2,432,753)	2,432,753	-	-	-
Total funds brought forward		4,902,181	8,308,317	518,670	13,729,167	13,332,449
Total funds carried forward	17	4,893,323	8,545,907	839,873	14,279,105	13,729,167

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

All incoming resources and resources expended derive from continuing operations.



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Balance Sheets as at 31 December 2003

		Group			Charity
	Notes	2003 £	2002 £	2003 £	2002 £
Fixed assets					
Tangible assets	10	2,701,954	2,582,793	2,535,471	2,452,450
Investments	11	313,395	294,041	498,704	479,350
		<u>3,015,349</u>	<u>2,876,834</u>	<u>3,034,175</u>	<u>2,931,800</u>
Current assets					
Stocks	12	94,703	45,307	-	-
Debtors	13	2,889,525	2,020,682	2,707,377	1,840,306
Cash at Bank and in Hand		8,835,832	9,297,151	8,788,737	9,239,027
		<u>11,820,060</u>	<u>11,363,140</u>	<u>11,496,114</u>	<u>11,079,333</u>
Creditors: amounts falling within one year	14	556,305	510,807	212,511	214,212
Net currents assets		<u>11,263,755</u>	<u>10,852,333</u>	<u>11,283,603</u>	<u>10,865,122</u>
Total assets less current liabilities		14,279,105	13,729,167	14,317,777	13,796,922
Net assets	17	<u>14,279,105</u>	<u>13,729,167</u>	<u>14,317,777</u>	<u>13,796,922</u>
Capital Funds					
Unrestricted funds: General reserves	16	3,031,244	2,838,057	3,236,400	3,036,155
Designated funds					
Fixed assets	16	1,862,081	2,064,123	1,695,597	1,933,781
Endowment Funds	17	839,873	518,670	839,873	518,670
Restricted funds	17	8,545,907	8,308,317	8,545,907	8,308,317
		<u>14,279,105</u>	<u>13,729,167</u>	<u>14,317,777</u>	<u>13,796,922</u>

Approved by the Board



Dr M El-Alfy, Director

29 July 2004

The notes to the accounts on Pages 15 – 25 form part of these accounts.



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Consolidated Cash Flow Statement as at 31 December 2003

	2003 £	2002 £
Net cash inflow from operating activities (a)	(62,812)	107,803
Payments to acquire tangible fixed assets	(401,146)	(1,184,648)
Receipts from sales of tangible fixed assets	2,640	57,295
Net cash inflow before management of liquid resources	<u>(461,318)</u>	<u>(1,019,549)</u>
Increase / (decrease) in cash in the year	(461,318)	(1,019,549)
Net cash resources as at 1 January 2003	<u>9,297,151</u>	<u>10,316,700</u>
Net cash resources at 31 December 2003	<u>8,835,833</u>	<u>9,297,151</u>
	2003 £	2002 £
(a)		
Reconciliation of operating result to net cash inflow from operating activities		
Net incoming resources	549,938	396,718
Depreciation	280,068	220,982
(Gain)/Loss on disposal of tangible fixed assets	(723)	4,506
Increase in creditors	45,497	126,236
Increase in debtors	(868,843)	(587,122)
Increase in stocks	(49,396)	(2,960)
Deferred government grant released	-	(16,000)
Increase in investments	<u>(19,352)</u>	<u>(34,557)</u>
Net Cash (Outflow)/Inflow from Operating Activities	<u>(62,812)</u>	<u>107,803</u>



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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#### **Notes to the Financial Statements**

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##### **1. Principal Accounting Policies**

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable UK accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

##### **Group Financial Statements**

The financial statements of the Charity's trading subsidiary company, TIC International Limited, are consolidated within the accounts of the Group on a line by line basis, in accordance with current legislation. The Statement of Financial Activities includes the income and expenditure from the subsidiary company. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act and paragraph 304 of SORP 2000.

Note 3 gives full details of the income and expenditure of the trading subsidiary. TIC International Limited is considered to be an intrinsic part of the Charity's programme to relieve poverty in any part of the world. The donated items are a constant source of relief supplies.

The results of the French subsidiary company SIF Invest, incorporated in France have been included within these consolidated financial statements under investments; Islamic Relief owns 99% of the share capital of SIF Invest. The aggregate value of the share capital and reserves for the year amounted to £313,395 (including net income of £19,354 during the year), refer to Note 11.

The property held in France and occupied by the Charity's sister organisation while treated as an investment is also regarded as a premises used for the furtherance of the objects of the charity. The Charity holds 99% of the shares in the property company that owns the premises. The value of the company is included in the financial statements according to its balance sheet value at 31 December 2003. Details of investments are given in note 11.

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

##### **Fund Accounting**

All donations are considered unrestricted unless specifically stated by the donor. Restricted funds are specified by the donor according to country and/or project. Endowment/Waqf is specifically specified by the contributor.

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 in the furtherance of its general objectives. Designated funds comprise those unrestricted funds that the trustees have set aside for particular purposes.

Restricted funds are those donated either for a particular country or project the use of which is restricted to that country or project. Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal under which they were raised.

Endowment funds/Waqf are those funds which have been given to the charity 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 is remained intact. Waqf returns are utilised to cater for long term projects. The Waqf is the Islamic equivalent of endowments.

##### **Incoming Resources**

All income is accounted for when the charity has entitlement to the funds, the amount can be quantified and there is certainty of receipt.



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

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#### **Notes to the Financial Statements (continued)**

Income includes the total received during the year at headquarters and UK branches and comprises donations income from fundraising events. Income from Islamic Relief fundraising offices in other countries is incorporated on the basis of what is remitted to Islamic Relief 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.

Gifts in kind include services, food, clothing, medical supplies and office fixtures. The estimated value of goods from UK donors in 2003 is £117,300 having regard to the costs in bringing the goods to a suitable state for distribution in the field. Due to the uncertainty in the valuation of the goods, this amount has not been included in the SOFA. Gifts in kind sent to Islamic Relief offices in other countries directly from the donor are not included in these accounts. For example the World Food Programme supplies us with essential food supplies for distribution to Chechens. These goods are received into our warehouses in Russia directly and are not included in our UK accounts.

#### **Resources Expended**

Expenditure is accounted for on an accruals basis. Direct charitable expenditure includes the direct costs of the charity's principal activities.

Costs of activities in the furtherance of the charity's objects are accounted for as they are incurred. Expenditure on operational projects through Islamic Relief's field offices is accounted for when incurred.

Grants payable in the furtherance of the charity's activities are recognised at the time of approval. The value of grants approved but unpaid are recognised in the Balance Sheet as liabilities.

Support costs represent the costs of Islamic Relief's UK based staff providing support for Islamic Relief's activities across the globe. Support costs have been apportioned between administration, fundraising and project support costs on a basis which is appropriate to the expense type and between restricted and unrestricted funds.

Managing and administering the charity expenditure comprises of salaries, direct expenditure and overhead costs incurred by the management of the charity's assets, organisational management and administration in compliance with statutory and legal requirements.

#### **Operating Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against income as incurred.

#### **Foreign Currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses are included in the income and expenditure account.

#### **Tangible Assets and Depreciation**

The depreciation policy of Fixed assets has been adjusted to ensure that costs of assets are written off over their estimated useful lives less the estimated residual value as follows:

Leasehold improvements	Over 20 years
Freehold land and buildings	Over 50 years
Fixtures, 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





## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

#### Notes to the Financial Statements (continued)

##### 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 price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

##### Grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal annual amounts over the expected useful life of the asset to which they relate.

##### 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.

##### 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.

##### 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.

#### 2. Donations, legacies and similar incoming resources

	Unrestricted funds £	Restricted funds £	Endowment £	2003 Total £	2002 Total £
Donations					
Committed giving		796,328		796,328	629,554
Donations, appeals and fund-raising events	3,389,840	7,984,290	385,512	11,759,642	14,175,496
	3,389,840	8,780,618	385,512	12,555,970	14,805,050
Grants from UK Government					
Department for International Development					
Palestine Deir AlBalah	-	-		-	16,205
Bangladesh MCH	-	-		-	14,143
Kashmir Neelum Valley Health programme	-	312,627		312,627	463,558
Afghanistan Emergency Relief	-	26,494		26,494	250,000
Mali Ghouma Rharous	-				
Community Development Project	-	24,284		24,284	30,317
	-	363,405		363,405	774,223
Grants from other agencies					
Other UK agencies	-	125,000		125,000	137,348
Non UK agencies	-	910,291		910,291	589,912
	-	1,398,696		1,398,696	1,501,483
Total	3,389,840	10,179,314	385,512	13,954,666	16,306,533



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

#### Notes to the Financial Statements (continued)

##### 3. Subsidiary (TIC Ltd) Income & Expenditure

	2003 Total Activities £	2002 Total Activities £
Turnover	1,050,773	1,028,190
Total Trading Income	1,050,773	1,028,190
Operating Expenses	793,402	851,595
Administration and Management costs	228,292	210,481
Charitable Donations to Islamic Relief	-	-
Expenditure	1,021,694	1,062,076
Net Profit / (Loss) for the financial year	29,079	(33,886)
Consolidation adjustments:		
Rental Charge from Islamic Relief	40,000	22,400
Charges From Islamic Relief	3,278	6,102
Charitable Donations to Islamic Relief	-	-
Elimination of Sales to Islamic Relief	(10,847)	(7,863)
Net Income	61,510	(13,247)
Turnover	1,050,773	1,028,190
Elimination of inter company sales	(10,847)	(7,863)
Adjusted Turnover	1,039,926	1,020,327
Expenditure	1,021,694	1,062,076
Elimination of inter company charges	(43,278)	(28,502)
	978,416	1,033,574

##### 4. Cost of Generating Funds and Increasing Awareness

	Unrestricted £	Restricted £	Endowment £	2003 £	2002 £ As Restated
Staff Costs	316,364	1,059,132	-	1,375,496	1,107,780
Other Costs	627,201	1,143,967	64,309	1,835,477	1,632,038
Subsidiary co. costs	978,416	-	-	978,416	1,033,574
Elimination of inter company sales	(10,847)	-	-	(10,847)	(7,863)
Exchange (Gain)/Loss	(75,942)	(254,240)	-	(330,182)	(106,973)
	1,835,192	1,948,859	64,309	3,848,360	3,658,556



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Notes to the Financial Statements (continued)

#### 5. Costs of activities in furtherance of the objects of the charity

	Unrestricted £	Restricted £	2003 £	2002 £
Iraq Crisis and Development Programme	-	714,899	714,899	-
Sudan Crisis and Development Programme	-	470,012	470,012	-
Afghanistan Emergency Relief Programme	-	658,133	658,133	1,627,290
Chechnya Emergency Relief Programme	-	1,154,994	1,154,994	1,551,459
Palestine Crisis Relief and Development Programme	-	388,326	388,326	1,430,595
Pakistan Crisis Relief and Development Programme	-	784,411	784,411	1,281,453
Bangladesh Development Programme	-	281,040	281,040	-
Orphan Sponsorship and Development	-	1,248,047	1,248,047	984,123
Qurbani Project	-	999,552	999,552	973,105
Ramadhan	-	1,297,843	1,297,843	1,111,127
Water & Sanitation	-	900,206	900,206	533,873
Other Development & Research projects	54,997	-	54,997	-
Other Emergency Relief & Development Projects	-	455,529	455,529	2,527,509
Transfer between funds	-	-	-	(1,551)
	<u>54,997</u>	<u>9,352,992</u>	<u>9,407,989</u>	<u>12,018,983</u>

#### 6. Support Costs in furtherance of the objects of the charity

	Unrestricted £	Restricted £	2003 £	2002 £ As Restated
Staff costs	139,004	440,181	579,185	467,353
Office costs	38,117	120,703	158,820	199,198
Exchange (Gain)/Loss	(17,907)	(56,704)	(74,611)	(26,025)
	<u>159,215</u>	<u>504,180</u>	<u>663,395</u>	<u>640,526</u>

#### 7. Costs of Managing and Administering the Charity

	Unrestricted £	Restricted £	2003 £	2002 £ As Restated
Staff costs	91,584	290,015	381,599	357,153
Office costs	108,114	342,361	450,475	405,185
Exchange (Gain)/Loss	(20,189)	(63,931)	(84,120)	(29,765)
	<u>179,509</u>	<u>568,445</u>	<u>747,954</u>	<u>732,573</u>



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Notes to the Financial Statements (continued)

8. Net Incoming Resources	2003	2002
	£	£
This is stated after charging		
Auditors' remuneration	24,342	51,426
Depreciation	280,068	221,489
(Profit)/Loss on disposal of tangible assets	(723)	4,506
Insurance	15,690	9,121
Operating leases	169,926	112,702
Exchange (Gain)/Loss	(488,914)	(162,763)

9. Employees and Staff Costs	2003	2002
	Number	Number
Project Support	19	16
Fundraising	69	60
Management	25	24
	<u>113</u>	<u>100</u>

### 9. Employees and Staff Costs (continued)

The cost of employing those staff was:	2003	2002
	£	£
Salaries and wages	2,093,896	1,909,154
Employers' National Insurance	209,161	124,455
Pension Scheme	35,699	23,131
	<u>2,338,756</u>	<u>2,056,740</u>

In addition, a great amount of time, the value of which is impossible to reflect in these financial statements, is donated by thousands of volunteers throughout the world. No employee's emoluments exceeds £50,000.

### 9a. Trustees Remuneration

Trustees are not remunerated (2002 £nil).

	2003	2002
		As Restated
Number of Trustees	5	5
Trustees' expenses	£	£
Travelling expenses incurred by Trustees and reimbursed	7,995	8,526
Subsistence expenses incurred by Trustees and reimbursed	681	269



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Notes to the Financial Statements (continued)

#### 10. Tangible Fixed Assets

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fittings & Office Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2003	2,301,550	153,535	688,929	82,930	3,226,944
Additions	235,440	41,185	101,109	27,730	405,463
Disposals	-	(700)	-	(13,150)	(13,850)
At 31 December 2003	2,536,990	194,020	790,038	97,510	3,618,557
Depreciation					
At 1 January 2003	142,838	80,610	386,828	33,875	644,151
Charge for the year	52,014	17,011	190,115	19,502	278,642
Disposals	-	(110)	-	(6,080)	(6,190)
At 31 December 2003	194,852	97,511	576,943	47,297	916,603
Net book value					
At 31 December 2003	2,342,138	96,509	213,094	50,213	2,701,954
At 31 December 2002	2,158,712	72,925	302,101	49,055	2,582,793
Charity					
Cost					
At 1 January 2003	2,286,551	208,701	433,949	46,641	2,975,842
Additions	235,440	11,752	76,065	4,335	327,591
Disposals	-	-	-	(13,150)	(13,150)
At 31 December 2003	2,521,992	220,453	510,014	37,826	3,290,285
Depreciation					
At 1 January 2003	139,837	134,082	226,578	22,896	523,392
Charge for the year	49,014	53,421	127,503	7,565	237,505
Disposals	-	-	-	(6,080)	(6,080)
At 31 December 2003	188,851	187,503	354,080	24,380	754,814
Net book value					
At 31 December 2003	2,333,141	32,950	155,934	13,446	2,535,471
At 31 December 2002	2,146,714	74,620	207,372	23,745	2,452,450



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

#### Notes to the Financial Statements (continued)

##### 11. Investments

Group	Investment Property £	Unquoted £	Total £
Unrestricted			
1 January 2003	294,041	-	294,041
Increase in Investment value	19,354	-	19,354
	313,395	-	313,395
Disposals			
At 31 December 2003	313,395	-	313,395
<b>Charity</b>			
Unrestricted	294,041	185,309	479,350
Endowments	-	-	-
1 January 2003	294,041	185,309	479,350
Additions:			
Restricted			
Increase in Investment value	19,354	-	19,354
Disposals	-	-	-
At 31 December 2003	313,395	185,309	498,704

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

The investment property relates to Islamic Relief's investment in SIF Invest, incorporated in France. Islamic Relief owns 99% of the share capital of SIF Invest.

##### 12. Stocks

	2003 Group £	2002 Group £	2003 Charity £	2002 Charity £
Raw Materials	37,260	20,000	-	-
Work In Progress	4,200	3,600	-	-
Finished Goods and Goods for resale	53,243	21,707	-	-
	94,703	45,307	-	-

##### 13. Debtors

	2003 Group £	2002 Group £	2003 Charity £	2002 Charity £
Trade Debtors	248,180	255,244	-	-
Other Debtors	2,573,557	1,700,875	2,560,532	1,688,460
Prepayments	67,788	64,564	55,829	56,842
Amounts owed by subsidiary undertakings	-	-	91,016	95,005
	2,889,525	2,020,682	2,707,377	1,840,306

Loans due from subsidiary undertakings are repayable by 5 January 2005 and interest payable is at a rate of 10% p.a.



# Islamic Relief and Subsidiary Undertakings

## Annual Report and Financial Statements year ended 31 December 2003

### Notes to the Financial Statements (continued)

#### 14. Creditors: Amounts falling due within one year

	2003 Group £	2002 Group £	2003 Charity £	2002 Charity £
Trade creditors	416,817	337,297	121,273	95,562
Social security and other taxes	65,576	72,537	59,296	69,837
Other creditors	44,335	58,223	4,505	8,154
Accruals	29,577	42,750	27,437	40,659
	556,305	510,807	212,511	214,212

#### 15. Restricted Funds

The income of the Charity include restricted funds comprising the following unexpended balances:

	Balance as at 1 January 2003 £	Total incoming Resources £	Total resources Expended £	Transfers £	Balance as at 31 December 2003 £
<b>Appeal Funds:</b>					
AFGHANISTAN	1,836,350	347,988	888,372	-	1,295,965
AFRICA	16,326	215,852	33,451	(198,629)	99
ALBANIA	-	6,897	149,289	142,392	-
ALGERIA	57,006	88,898	38,123	-	107,781
ANGOLA	23	230	114	-	139
AZERBAIJAN	26	150	19	-	158
BANGLADESH	6,026	9,581	322,305	306,698	-
BOSNIA	-	9,022	182,204	176,356	3,175
BURMA	2,735	-	-	-	2,735
CHECHNYA	444,087	586,609	1,436,785	406,089	-
CHINA	-	40	61,320	61,280	-
EGYPT	-	220	210,975	210,755	-
ETHIOPIA	3,264	2,012	125,352	120,076	-
ERITRIA	1,880	10	1	-	1,889
GHANA	70	-	-	-	70
INDIA	93,129	6,049	4,391	-	94,787
INDONESIA	-	-	135,193	135,193	-
IRAN	7,190	115,092	36,589	-	85,693
IRAQ	749,035	1,540,412	1,281,199	-	1,008,248
JORDAN	-	25	12,540	12,515	-
KASHMIR	36,319	505,521	421,687	(10,844)	109,308
KENYA	116	-	101	-	15
KOSOVO	1,152,561	46,716	569,452	-	629,824
LEBANON	1,950	-	-	-	1,950



## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

#### Notes to the Financial Statements (continued)

##### 15. Restricted Funds (continued)

	Balance as at 1 January 2003	Total incoming resources	Total resources expended	Transfers	Balance as at 31 December 2003
	£	£	£	£	£
<b>Appeal Funds:</b>					
LIBERIA	-	20	10	-	10
MACEDONIA	5	6	1	-	11
MADAGASCAR	375	17	2	-	390
MALAWI	-	54,616	116,931	62,315	-
MALI	-	29,136	400,560	371,424	-
MOROCCO	1,746	1,148	115	-	2,779
PAKISTAN	94,160	488,935	783,104	200,009	-
PALESTINE	1,522,374	1,400,830	702,420	887	2,221,672
PHILLIPINES	49	32	3	-	78
RWANDA	53	-	-	-	53
SENEGAL	4,045	-	-	-	4,045
SOMALIA	11,252	7,336	2,012	-	16,576
SOUTH AFRICA	45	145	72	-	118
SRI LANKA	164	-	-	-	164
SUDAN	-	93,680	571,376	477,695	-
TAJIKISTAN	123	-	-	-	123
TUNISIA	276	137	14	-	399
TURKEY	54,615	3,445	35,845	-	22,215
UZBEKISTAN	80	10	5	-	85
YEMEN	-	-	2,696	2,696	-
ZIMBABWE	-	70	35	-	35
PENNY PROJECT	112,285	26,856	3,357	-	135,784
MOSQUE REPAIRS	665	8,726	873	-	8,518
ORPHANS	1,649,083	2,304,478	1,458,938	-	2,494,623
QURBANI	117,003	1,331,617	1,389,377	-	59,243
RAMADHAN	331,823	868,669	963,343	-	237,150
WATER & SANITATION	-	78,083	33,927	(44,156)	-
<b>Total</b>	<b>8,308,317</b>	<b>10,179,316</b>	<b>12,374,477</b>	<b>2,432,753</b>	<b>8,545,907</b>

All restricted funds are for specific humanitarian projects in the particular areas of the world as stated above. These projects include development programmes to provide long-term sustainable benefits for a community, including orphan sponsorship, health and nutrition, water supply and sanitation projects, agricultural projects and educational projects. The Qurbani project relates to the distribution of meat as result of the Eid Al Adha (Qurbani) celebrations (the celebration of sacrifice). The Ramadhan projects relates to a programme of feeding the needy during the Muslim month of Ramadhan. The Penny project is a fund dedicated to helping children in need around the world. It is the result of box collections from shops etc. The funds are used for projects that have a direct impact on improving children's conditions. The Mosque repairs project helps war torn and conflict striven communities rebuild and repair their Mosques, facilitating them the ability to return to a normal life.

The restricted funds are shown by country or project type. The funds reflected by country include funds received for projects to be carried out in the named country only. The funds restricted by project type can be carried out in any part of the world in the specified project field.

Inter fund transfers of £2,432,753 from the unrestricted funds were used to cover the deficit on specific projects. Funds of £198,629 from the Africa fund were used towards the costs of projects within African countries. Funds of £10,844 were incorrectly included in Kashmir relating to Palestine in 2002, thus in 2003 were transferred to Palestine. Funds of £44,156 from the Water & Sanitation were used towards costs of Water & Sanitation projects in Albania, Bangladesh & Chechnya.





## Islamic Relief and Subsidiary Undertakings

### Annual Report and Financial Statements year ended 31 December 2003

#### Notes to the Financial Statements (continued)

16. Unrestricted Funds	General reserve £	Designated fixed assets £	Total £
Balance at 1 January 2003	2,838,058	2,064,123	4,902,181
Net Incoming Resources	2,423,895	-	2,423,895
Transfer to restricted Funds	(2,432,753)	-	(2,432,753)
Transfer between funds	202,042	(202,042)	-
Balance at 31 December 2003	3,031,244	1,862,081	4,893,323

#### 17. Analysis of Group Net Assets Between Funds

Fund Balances at 31 December 2003 are represented by:

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total £
Tangible Fixed Assets		1,862,081		839,873	2,701,954
Investment Assets	313,395				313,395
Current Assets	3,274,153		8,545,907		11,820,060
Current Liabilities	(556,305)				(556,305)
Long term Liabilities	-				-
Total Net Assets	3,031,244	1,862,081	8,545,907	839,873	14,279,105

#### 18. Commitments

At 31 December 2003 the Group had no capital commitments.

Commitments under operating leases as at 31 December 2003

Land & Buildings	2003 Group £	2002 Group £	2003 Charity £	2002 Charity £
Expiring			As restated	
Less than one year				
Between 2 – 5 years	54,208	54,208	49,008	49,008
More than 5 years	46,461	46,461	46,461	46,461

#### 19. 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.

Employer's contributions vary between 2% and 4% dependent on the length of service.

Other Creditors included £4,456 due to the Pension plan provider as at 31 December 2003 comprising employee and employer pension contributions.

