NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales · Charity number 1153719

Details

Status	Registered
Legal form	Charitable company
Company number	08536743
Registered	2013-09-06
Register	View on the Charity Commission register

Contact

Address	124 City Road London EC1V 2NX
Phone	03333123123
Email	finance@nzf.org.uk
Website	www.nzf.org.uk

Activities

Objects: a) To prevent or relieve poverty or financial hardship in the UK or anywhere in the world by providing or paying for items, services or facilities that fulfil their needs for Muslims and other individuals in need. b) to develop the capacity and skills of the members of the Muslim community in the UK or anywhere in the world in such a way that they are better able to identify, and help meet, their needs more and to participate more fully in societyc) to advance the education of the public in general (and particularly amongst Muslims) on the subject of Zakat and voluntary giving. d) to advance the religion of Islam for the benefit of the public through the promotion of Zakat and voluntary giving and to enlighten others about Zakat and voluntary giving.

Activities: National Zakat Foundation (NZF) is a national charity which enables local Muslims to connect their Zakat to those who need it in the UK. NZF provides support to individuals and families in need through grants for Hardship Relief, Housing & Work, and Education.NZF also helps educate Zakat givers about calculating and giving Zakat correctly.

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Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services
- **What:** The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Other Defined Groups

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£10,173,392	£8,887,428	£4,214,804	35
2023-12-31	£8,954,901	£9,740,156	£2,928,840	29
2022-12-31	£7,777,280	£7,540,985	£3,714,095	26
2021-12-31	£6,277,635	£5,688,088	£3,477,800	23
2020-12-31	£6,346,382	£5,219,342	£2,888,253	19

Trustees

Name	Role	Appointed
SULTAN CHOUDHURY	Chair	2013-07-10
Anisa Hanif		2021-11-19
Shiraz HUSSAIN		2024-01-01
shorful islam		2024-01-01

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NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales - Charity number 1153719

Accounts



Impact Report

and financial statements
for the year ended
31 December 2024

National Zakat Foundation™

National Zakat Foundation (NZF) Charity number: 1153719 Company number: 08536743

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This Impact Report includes the Trustees' annual report as required by the SORP and a Directors' report as required by company law

Introduction

Assalamu alaikum. Peace be upon you.

It is with great honour that we present this annual report of National Zakat Foundation as we mark the start of our 14th year of operation. By the grace of God, 2024 marked a milestone year in which we collected the highest amount of Zakat and assisted more individuals than at any other time in our history.

The cost-of-living crisis has become embedded in many communities across the country. Rent increases caused a surge in applications to our Housing Fund while people cite ill-health as a cause for hardship. The economic situation of the UK's Muslim population mirrors that of the rest of the nation's poorest - it's getting worse.

Yet, it is through generous Zakat contributions that we have been able to offer much-needed support to those seeking relief from hardship, housing assistance, or opportunities to enhance their livelihoods through education and employment.

The positive impact of your Zakat is palpable — recipients have told us that not only have they found immediate relief but they have also grown closer to the community and strengthened in faith. Our partnerships with major international humanitarian charities, particularly Islamic Relief in 2024, further enabled us to extend our reach within the UK, ensuring that the Zakat given supports our fellow Muslims locally.

To enhance the efficiency and effectiveness of our distribution, we have implemented several improvements this year.

Grant recipient:

"I am writing to express my deepest gratitude for your generous support. Your help has brought tears to our eyes. With the grant you provided, we can now buy all the appliances and furniture for our new home and the carpets and decorate the walls.

It will transform our empty house and difficult situation into a place of warmth and hope. I had been praying to Allah, and He answered through your kindness. Your support means the world to us — it has given us the chance to live in dignity and make a new start."



We continued our streamlined registration process for the Hardship Fund, allowing applicants to register swiftly and submit detailed applications with the necessary documentation. Our experienced Grants Officers have played a crucial role in guiding applicants through this process to accurately reflect their financial situations. We also introduced technology to automatically verify identification and assess bank statements, bringing the latest developments in artificial intelligence in aiding our Grants Officers and increasing the speed with which we can process applications and help those in need.

We further developed our new initiative of distributing Zakat through community partners. We added a further six Mosques in 2024 to begin distributing in 2025 to our Community Zakat Programme (CZP). This model leverages local community hubs where applicants can receive face-to-face assistance with their applications and access additional services. The initial results of this programme have been encouraging, demonstrating a successful model for promoting solidarity and support within the community. We intend to roll this out to other parts of the country.

Looking forward, our goal is to build a National Zakat System, where all Muslims in the United Kingdom live with the comfort of knowing that they are part of a community that is there for them if they fall into hard times.

To move to this future, we are developing work in three areas:

Connectivity: whereby we create Zakat solutions that connect givers and recipients to their local communities to truly localise the Zakat experience. This is what we will develop by growing our Community Zakat Programme, where Zakat applicants can walk into a local mosque or community centre for a respectful Zakat assessment and immediate receipt of a Zakat grant.

Mobilisation: whereby we educate people of their responsibility to their own communities, and empower them to educate, fundraise and serve. To this end, we started our new community engagement team.

Knowledge: whereby NZF champions the cause of Muslim economic welfare on the national stage. To this end, we recently released our economic impact report, demonstrating the great economic value to British society from Muslims localising Zakat.

NZF Worldwide continues to work closely with NZF UK. The countries within the NZF family are building a mutual network of support, sharing expertise in relevant areas. NZF UK is pivotal within this network. We are glad to welcome NZF Germany to our ever-growing global family.

On behalf of NZF, we extend our deepest gratitude to our donors, partners, and dedicated team for your unwavering support and commitment to the mission of Zakat. Together, we are making a significant difference in the lives of many, fostering a stronger, more resilient Muslim community in the UK.

Sincerely and with much appreciation,



Sohail Hanif
Chief Executive



Sultan Choudhury
Chair of the Board of Trustees





Section 1

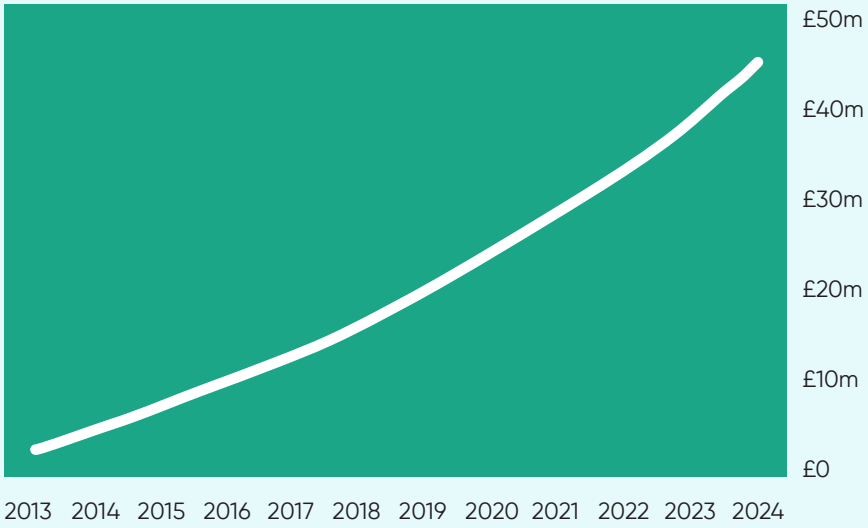
Impact Report

Impact at a glance

Since NZF began, 13 years ago:

Givers have supported over
106,000 people

Total Zakat distributed
£45.6 million



The impact of your Zakat in building a thriving, closer Muslim community[1]

Has the help from NZF made you feel closer to the Muslim community?

Zakat recipients rated the impact on average 4.75 out of 5 –
that's 95.0%!

Has the help from NZF increased your faith?

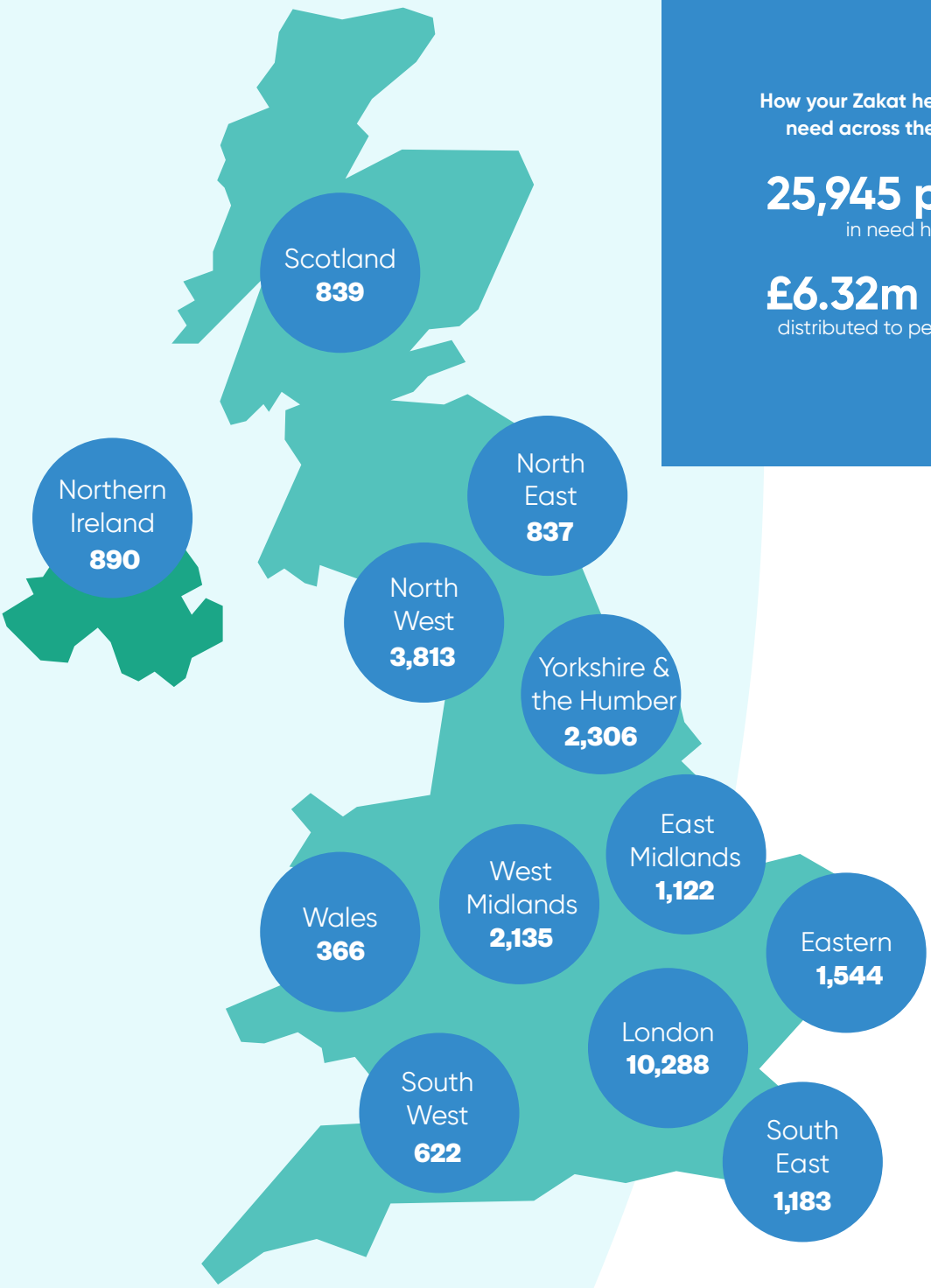
Zakat recipients rated the impact on average 4.71 out of 5 –
that's 94.2%!

Has the money we gave helped you to get your finances back on track?

Zakat recipients rated the help on average 4.64 out of 5 –
that's 92.8%!

1 NZF asks feedback from recipients 3 months after they have received the cash transfer to understand the impact. We use emojis to help recipients with language and literacy barriers respond to questions with ease. Recipients rate each question out of 5.

In 2024: number of people in need helped



How your Zakat helped people in need across the UK in 2024:

25,945 people
in need helped

£6.32m Zakat
distributed to people in need

Impact at a glance
continued

You gave help in these areas

Hardship Relief

Grants for vulnerable Muslims to pay for basic essentials and safe and secure housing.

Work & Education

Support to help people back in to work.

Community Zakat Programme

Supporting people in need through their local community organisations for direct access.

How you've helped in 2024, by fund

	Your Zakat distributed, by fund		People in need you've helped, by fund	
	£	%	No. of people	%
Hardship (inc Housing)	5,556,449	88	22,485	87
Empowerment	207,954	3	282	1
Community Zakat Programme	551,600	9	3,178	12
Total	**6,316,003**	**100**	**25,945**	**100**

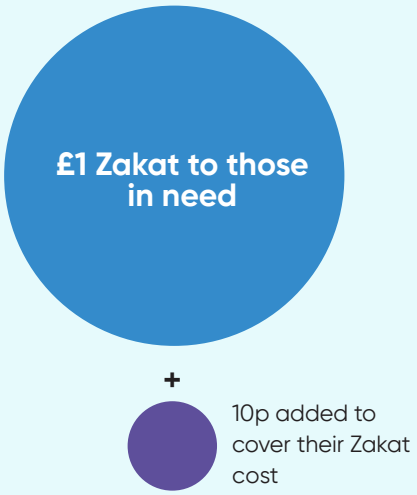
We use all Zakat for charitable activity.

We do not use Zakat to raise funds or for core costs.

How much of your Zakat is spent on getting it to those in need?

For every £1 of Zakat given, it costs 10p to check applicants and get it to an eligible recipient. Givers choose how to cover this cost.

25% chose to pay extra, so all their Zakat went directly to a recipient.



75% covered their distribution cost through the Zakat they gave.





About us

The challenge

Those who are geographically nearest to us have a special right on us. Zakat is not simply charity, rather Zakat is an institution. It reminds Muslims they are one family, one ummah. Zakat is meant to build real ties in communities, so no-one feels alone and alienated wherever there is a group of believers. This emphasis of caring for those near us through our Zakat is agreed upon by all schools of law - they differ only in whether they consider this an obligation or a Sunnah.

Zakat is not only a religious obligation but also a powerful tool for social and economic justice.

1. **Strengthening Local Communities:**
   By allocating Zakat funds within the giver's own community, the impact is direct and immediate. This approach helps to address poverty, inequality, and other social issues at a local level, thereby strengthening community bonds and ensuring that the needs of the most vulnerable are met effectively.

2. **Boosting Local Economy:**
   When Zakat is distributed locally, it circulates within the community, supporting local businesses and services. This circulation can boost the local economy by increasing overall spending and investment, which can lead to job creation and economic stability.

3. **Fulfilling Religious Obligations Ethically:**
   Islam encourages Muslims to look after their neighbours. By focusing Zakat contributions on the local community, donors can fulfil their religious duty in a manner that aligns with the ethical teachings of Islam, promoting a sense of responsibility and empathy within the community.

4. **Enhancing Transparency and Trust:**
   Local distribution of Zakat can enhance transparency and build trust among contributors. Donors are more likely to see the outcomes of their contributions, which can encourage continued generosity and participation in Zakat programs.

5. **Empowering Local Decision-Making:**
   Local administration of Zakat funds allows for decisions to be made by those who are closest to the recipients and understand their unique circumstances. This localised decision-making process ensures that Zakat has the most meaningful impact.

6. **Creating a Sustainable Model of Charity:**
   By nurturing local giving and resource allocation, communities can revive a sustainable model of charity that does not rely heavily on external aid. This autonomy fosters resilience and self-sufficiency.

Muslim poverty in the UK is a critical issue that requires urgent attention. Despite the overall economic growth in the country, a significant proportion of the Muslim population experiences high levels of poverty and socio-economic disadvantage. According to the Muslim Census nearly 50% of Muslims live in poverty against 18% of the whole population. This creates barriers to opportunity such as unemployment and lower educational attainment, alongside discrimination. Tackling this issue is important not only for promoting social justice and equality but also for fostering community cohesion and economic stability. Addressing Muslim poverty can help break the cycle of deprivation, enabling individuals to contribute more effectively to society and reducing the social costs associated with poverty, such as healthcare, welfare and housing.

What NZF does

NZF aims to strengthen the UK's Muslim community through effective collection and distribution of local Zakat. Through our three funds - Hardship Relief, Housing and Empowerment – we lift people out of poverty, keep them in their homes and provide a pathway in to work.

Our systems allow Muslims to give their Zakat confidently and efficiently to eligible recipients in the UK. Alongside our central distribution to applicants we are increasing our face-to-face presence working with community Zakat partners across the UK to assess and distribute Zakat directly to those in need.

How do we help? Our charitable activity

Our charitable activities are:

Hardship Relief and Housing Funds

NZF distributes your Zakat directly to Muslims living in hardship in the UK by providing funds to cover basic essentials, such as food, clothing, and household goods. Our Housing Fund also provides additional grants to help Muslims in the UK to remain in affordable, habitable and safe accommodation.

In 2024, we combined our Hardship Relief and Housing teams, to ensure that beneficiaries fully benefit from what NZF has on offer, whilst streamlining the Zakat process to make grants more accessible for eligible beneficiaries. By upgrading our CRM platform, we have also decreased waiting and processing times for Zakat, through elements of automation, with efforts being made to incorporate AI into our application form in 2025 to further facilitate the application process.

In 2024, Zakat givers helped 20,599 people in need across the UK through NZF's Hardship Relief Fund. 76% of all 2024 Zakat was distributed through this fund.

Zakat givers also supported 1,886 people in need across the UK through the Housing Fund. 17% of all 2024 Zakat was distributed through this fund.

We are grateful that in 2024, Islamic Relief gave NZF £500,000 of Zakat to help UK Muslims in hardship. This was the fifth time Islamic Relief has partnered with NZF as part of their strategy to help Muslims in the UK. Islamic Relief also gave an additional £300,000 of Zakat to implement our joint Palestine Support Program, which supported zakat-eligible arrivals from Palestine with a series of stipend payments to help them settle in the UK. We are also grateful for a £90,000 Zakat grant from Muslim Aid which we will distribute to needy Muslims in the UK. In 2024, NZF also began a partnership with

Zakat Charity Partners

"The NZF hardship fund is an essential lifeline and provides an immediate helping hand to the most vulnerable families on home ground. Islamic Relief UK is proud to partner with NZF"
Tufail Hussain, Director of Islamic Relief UK



Money Wellness to provide free budgeting and debt advice to UK Muslims. `

As we look ahead to 2025 and beyond, NZF remains committed to expanding the range of services on offer to our beneficiaries through partnering with established organisations to utilise their expertise and experience.

Community Zakat Programme

2024 saw the expansion of our Community Zakat Program. Through CZP we provide emergency cash support to individuals in hardship. The aim is to empower community organisations to provide Zakat at a local level, building a Zakat system for the community. This allows individuals in these areas direct access to Zakat distribution hubs, access to a larger support network and wrap-around services that the partners may offer.

In 2024 we added multiple new partners including Green Lane Masjid, Sultan Bahu Trust, Al Emaan Centre, Acton and Purley Mosque. They distributed £316,650 in Zakat with 2160 applications approved and 2925 people supported. Applicants were able to access other services such as counselling, foodbank, and volunteering opportunities which gave them confidence and skills to use when applying for employment. Partners were able to also sign posts to other organisations and charities which could further support individuals such as immigration services or welfare advice support.

Through these collaborative efforts and community-led initiatives, NZF has not only extended a lifeline to those in need but has also cultivated a culture of support and solidarity within local neighbourhoods. By harnessing the expertise and networks of our local partners, we have been able to establish a grassroots-led Zakat program that is deeply embedded within the fabric of the communities it serves.

This approach not only ensures greater accessibility and responsiveness to the needs of the most vulnerable but also fosters a sense of belonging and empowerment among community members.

As we look ahead to 2025 and beyond, NZF remains committed to nurturing and expanding our community-led Zakat program, ensuring that every individual has access to the support they need to lead dignified and fulfilling lives. By empowering local communities, fostering partnerships, and building networks of support, NZF is paving the way for a brighter and more resilient future for all.

Empowerment Programme

Towards the end of 2024, NZF launched a newly founded Empowerment Programme, building on the foundation and the learnings from the former Work & Education Fund. Under the Work & Education fund in 2024, NZF distributed just over £225,000, supporting 124 recipients to do vocational and academic courses to give them better prospects in the work environment.

The reason for moving from Work and Education to the Empowerment Programme was that through research, we identified that by working with specific specialised partners, we could have a greater impact for our applicants, and push our givers' Zakat further. Applicants could be upskilled and go from being dependent on Zakat to being able to support themselves and their family. Through our review we identified that our applicants needed more holistic support to get into the work environment beyond just a grant.

The development of the Empowerment Programme saw NZF liaise with industry experts and organisations to see what kind of programme was needed to truly empower our applicants. We assessed what specific skill sets were needed in the UK and identified that we could address the skills gap by working with specialised partners who would engage with the community to deliver programmes within:

- Construction and Trade Skills
- Health and Social Care
- IT, Tech and Digital Skills
- Employability Skills
- Islamic Development
- Teaching and Education

By the end of 2024, we identified seven partners who went through rigorous governance and suitability checks and were approved to work with NZF to deliver the Empowerment programme. There will be support for applicants in not only completing the programme but also to help them into employment after completion of training. By partnering with training providers, recruiters, and mentors, we ensure applicants receive the support needed to transition from Zakat recipients to earners—and ultimately, Zakat givers.



CZP Partner - Bradford Foundation Trust:

"One of the young men we supported had lost all hope, he felt invisible, with NZF help we were able to offer him not just financial support but a sense that someone cared. A few months later he came back smiling telling us he had started rebuilding his life. That's the kind of impact you don't forget"

The service we provide

We provide a suite of services for both givers and recipients of Zakat

Calculate:

We help Zakat givers calculate how much Zakat they need to give based on their financial situation. We do this through a variety of calculation services including our easy-to-use online calculator, a historical Nisab calculator, one-to-one consultations with Zakat experts, responses to individual queries through a dedicated email supported by a Scholar and online webinars.

Knowledge:

On our website we have an up-to-date knowledge bank with hundreds of answers to common and specific Zakat questions. We also provide three free PDF Zakat guides – for general calculation, for Zakat on businesses and for those with missed Zakat. In 2024 we developed Zaki, a chatbot that uses knowledge from our existing knowledge bank to answer questions in a conversational format. Our community engagement continued to offer both in-person and online workshops to community organisations, corporate networks and mosques. In 2024, well over 50 workshops were delivered across the country.

Give:

Through our Give App – givers can pay Zakat, Zakat-ul-fitr, Sadaqah, Riba and Fidya/ Kaffarah. We allow payments via Card, Google and Apple Pay, Paypal, BitPay for Cryptocurrency payments and GoCardless for Direct Debits. We also allow for bank transfers and have a method by which payers can inform us of their bank transfers so we can add them to our CRM to ensure our data is accurate.

After a Zakat payment, givers can decide which of our three funds they wish to support and split their payment across the funds if they so wish. They can also choose to leave messages for recipients.

Track:

Live maps on our website show where Zakat has been received from and distributed to across the UK. We send out a personal email to let Zakat givers know when their Zakat has been distributed to those who need it.



Mufti Amjad, External Shariah and Quality Auditor

"I am satisfied NZF's published Zakat policy is sound and in accordance with Islamic Fiqh. I am satisfied that NZF's Zakat procedures and practices are sound and in accordance with Islamic Fiqh. I am satisfied that there is a strong commitment in the organisation to continually improve in the quality of its processes"

Distribute:

Apply: Those in need of Zakat apply online to NZF for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process. Potential applicants can fill in an online self-assessment tool to quickly check if they meet the eligibility criteria, before completing the full application. This saves applicant and grants officers time regarding applications that do not meet our eligibility criteria.

Check: The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat. We have improved efficiency in the verification process for applicants with more up-to-date and more robust financial checks for applicants via open banking, and tighter fraud security, including automated checks on applicant ID.

Decide: Our Grants Officers work with applicants on a personal level to make sure they have the right support. They aim to get back to applicants as quickly as possible with a decision.

Support: For recipients of the Hardship Fund, Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible, or for collection from the national network of Post Offices. Where that is not possible, we send support in the form of digital supermarket vouchers. For recipients of the Empowerment Fund, Grant Officers offer funding for training and education to help applicants get into work and serve their communities. In addition, for all funds, Grants Officers refer applicants to any additional funding or help they might be eligible for.

Signposting, referrals and extra support:

Money wellness: In 2024 we officially partnered with Money Wellness – a financial wellbeing organisation that supports people struggling with debt and financial worries. Throughout the year we referred well over 100 applicants to Money Wellness where they received tailored guidance.

Signposting: Our website hosts a detailed list of organisations that applicants can use as either extra support or for when they have not been successful in their application to NZF. This list of organisations includes those specifically for migrants, domestic abuse victims and the elderly.

How we raised and spent funds

Income:

Our funds are comprised of Zakat from individuals and businesses, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah contributions), institutional grants and Gift Aid.

In 2024, we generated total income of £10,173,392 (2023: £8,954,901). Total expenditure was £8,887,428 (2023: £9,740,156). We had net incoming resources (total voluntary income less total expenditure) in 2024 of £1,285,964 (2023 net incoming resources: -£785,255).

The main source of our income was Zakat, comprising £8,011,147 (2023: £7,108,873). Most Zakat givers gave one-off payments rather than regular contributions. While givers gave 67% (2023 was 75%) of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means there is a gap in timing between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat to individuals in need within a lunar year (11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within five to six months.

Despite the cost-of-living crisis affecting givers, in 2024 we exceeded the Zakat income level achieved in 2023 by over 13% (2023 vs 2022 was over 15%). The increase in 2024 reflects a growing individual donor base, growing 10% from 13,400 to 14,800 givers.

Partnerships with NZF are increasingly an attractive proposition for international charities due to the efficiency, reach and expertise NZF offers in delivering Zakat to those in need in the UK. Islamic Relief contributed £550,000 Zakat funds during 2024 for NZF to distribute in the UK (2023: £300,000). Islamic Relief contributed a further £399,916 to support refugees from Gaza.

Throughout the year, we continued to raise Sadaqah funds to support the work of the organisation – this made a vital contribution towards enabling NZF to grow and achieve our vision. We received £707,709 (2023: £519,901) of unrestricted Sadaqah funds in the year which, along with £1,006,397 (2023: £1,024,544) of Gift Aid, was critical to cover non-distribution costs of the charity and to raise funds. NZF received £342,647 (2023: £170,193) of Riba also used for non - distribution costs. There were no In-Kind (non-cash) Donations in 2024.

Expenditure:

We continue to consult and listen to our givers. We distribute donations to people applying to funds in line with what givers ask for at the time of donating. All Zakat grants were given to eligible individuals in need who applied to a specific fund for Zakat. Applicants were able to apply to one or more of the following funds:

- Hardship Relief (includes Housing)
- Community Zakat Programme
- Empowerment (formerly Work and Education).

Of the £6,316,003 (2023: £7,601,982) of Zakat/ Zakat ul Fitr grants we distributed in 2024: 88% or £5,556,449 (including 100% of the Zakat ul Fitr grants) was distributed directly to eligible people in need by the Hardship Relief Fund, these recipients also include the Housing Fund from 2023 (2023: 75%); £551,600 by the Community Zakat Programme which was part of the Hardship



Relief Fund in 2023; and 3.3% or £207,954 by the Work and Education Fund (2023: 8%). All unspent funds from 2024 to be carried over and spent in the early part of 2025.

Total direct charitable expenditure was £1,640,744 (2023: £1,264,106). The majority of the expense is the distribution service which checks Muslims who apply for help are genuinely in need and takes great care to get the Zakat directly to them. Costs are covered by Zakat and Sadaqah funds. Each Zakat giver gave 10% of the value of their giving to contribute to the costs of their distribution service, choosing for this contribution to come either from Zakat or Sadaqah. The remainder of the charitable expenditure is Zakat education and calculation, funded by Sadaqah.

We incurred support and governance costs of £336,153 (2023: £261,878) during the year. Support and governance costs equated to 3.8% (2023: 2.7%) of total spending. With a fully remote workforce and no physical office, we continued to save on rent and related utility costs. Governance costs relate to audit fees, professional fees, license fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no trustees received any remuneration.

The cost of raising funds was a further 6.7% (2023: 6.3%) of total spending, covered entirely by Sadaqah and Gift Aid funds. This is lower than average for charities of this size.

The capital expenditure for a new CRM to improve the experience for Zakat givers came to £82,789.

Cash Reserves:

Our Zakat grant cash reserves at the end of December 2024 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2025, when most givers give their Zakat.

Our non-grant reserves are also higher than anticipated, due to positive movements in our unrestricted fundraising efforts driving a surplus position.

Cash deposits form the bulk of our cash reserves. Almost all cash deposits at year-end are for non-grant expenditure. This is to enable us to earn returns and generate non-grant income to further the work of NZF and to mitigate against inflation.

Due to high demands from applicants we are continuing to maintain higher liquidity (cash deposits) to enable us to distribute more quickly, therefore grants funds cannot be deposited for lengthy periods.





Thank you

Zakat givers, organisations, and partners have enabled NZF to support many people in hardship.

Recipients who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible - the Zakat givers who have chosen to give through NZF.

On behalf of all recipients and from us at NZF, thank you.

Individuals, organisations, agencies, community groups, and mosques have helped those in need to access our services through signposting and by submitting applications on their behalf.

In addition, our work is strengthened by partnerships.

We look forward to building upon existing relationships and forging new ones in 2025 and beyond.

Together, we have helped Muslim recipients get their finances back on track, feel closer to the Muslim community, and strengthen their faith.



Our supporter community

Thank you to all our supporters, referrers and partners, including but not limited to:

CZP Partners
Al Madinah Mosque
Bradford Foundation Trust
Acton Mosque
Purley Mosque
Al Emaan Centre
Leicester Zakat Foundation
Sultan Bahu Trust

The Work and Education Fund/ Empowerment Programme:
Association of Muslims Schools
Markfield Institute of Higher Education
FareShare Midlands
Refugee Council
New Citizens' Gateway
Holt Green Training
Cambridge Muslim College

Major Funders:
Kindgiving Foundation
Zouq Foundation
Islamic Finance Guru
Islamic Relief USA (Bill Gates Foundation)

HRF/HOU Partners
Post Office
Amaliah
Money Wellness
BEAM
Ihsan Compassion Fund
MIND
NHS Talking Therapies
Maryam Support Line
Islamic Relief
Muslim Aid
British Palestinian Committee
Red Cross
Migrant Organise
C4WS Homeless Project



Bringing Zakat to life in 2025 and beyond

2024 saw much change within our systems and processes, with the implementation of a new organisation-wide CRM platform. We began to lay the foundations for AI assisted applications, assessing applicant vulnerability more accurately, and enhanced application support.

On the donor side, we began to build and design a new Zakat calculator, an in-house tool for scheduling donations, a Zakat question chatbot and reviewed our entire knowledge bank.

2025 is the year these changes will be coming to fruition, with both givers and applicants accessing either new or refreshed services.

Our vision for a unified National Zakat system is set to move further into reality in 2025 where we aim to onboard more partners to our groundbreaking Community Zakat Program. We aim to build on our strategic directives in Connectivity, Mobilisation and Knowledge to cement nascent projects and establish robust systems that facilitate the network of solidarity and support we are trying to build.

Throughout 2024 we continued to see an increase in demand for our services. Thousands of needy Muslims turned to NZF every month, which prompted us to scrutinise our offering and think of ways to be more efficient. The cost-of-living crisis in the UK and economic uncertainty still lingers, which underlines our need to increase income in 2025 through fundraising and institutional partnerships. One of these partnerships is a match-funding agreement with the Bill and Melinda Gates Foundation relating to our Muslim Women's Fund – which is fundraised for in partnership with Muslim women's lifestyle platform Amaliah.



We aim in the coming year to develop our volunteer network, and continue to engage with mosques, charities, media and grassroots organisations across the UK. Our commitment to our givers and recipients will remain strong, with strong oversight from our external Quality and Sharia Auditor Mufti Amjad Mohammed. Through regular audits and learning constantly from user feedback, we will refine our offering through 2025 and beyond.

God willing, we will continue to bring Zakat to life in the UK, and adhere to our values as we do so.

"Assalam Alaikum. I received the Zakat money today and I can't thank you enough for your help. May Allah grant you janet el firdawss to all of you. To everyone involved in this foundation. Jazakoum allah khayran. Ramadham Mubarek to you all"

[unedited message from grant recipient]



Section 2

How we operate

Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement.

We do this through:

Employee engagement surveys

Our employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2024, 98% of participating employees agreed or strongly agreed that "the mission of NZF inspires" them. Employees know they can give feedback or put forward ideas at any time and we have formal and informal mechanisms in place to facilitate this.

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Safeguarding Policy and Code of Conduct that reflects
this and we train the team regularly on safeguarding. We have thoroughly reviewed and updated our policy, and have made public our Safeguarding Commitment. We have zero tolerance for harassment, bullying or exploitation in any form.

Equal opportunities and diversity

We have an Equality and Diversity policy in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

We encourage employees to develop themselves professionally to match their circumstances and aspirations. We support flexible working practices wherever possible.

We strive for continuous improvement. In 2022, we formed a Diversity Working Group with participants from a variety of backgrounds and designations in the organisation. The group helped the Board assess diversity at NZF from the perspective of staff, givers and recipients. The group found the team have a positive balance of gender, social mobility range, and lived experience of being recipients and givers and of the charity sector. The gender pay gap was analysed and shared with the Board. We have recognised the gender pay gap has increased since 2023, there has been a fall in the female to male pay ratio. We recognise that this shift highlights the need to proactively address the underlying dynamics influencing gender representation, particularly at senior levels. Looking ahead, we are committed to building a more inclusive organisational culture by investigating the root causes of gender disparities, particularly in leadership and higher pay quartiles. We will enhance our data analysis to better understand the nuances of pay differences and identify any systemic barriers to female progression.

Employees' remuneration

The Board determines the salary of the Chief Executive. The Board approves the principles for salaries of all employees.

The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. There were significant changes in key management personnel in 2024. From September 2024, the role of Chief Strategy and Transformation Officer and Chief Financial Officer were removed and the role of Director of Operations and Director of Finance and Governance were introduced.

We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. Salaries are reviewed shortly after Ramadan each year. Any salary changes are effective from the following month.

Employee benefits are considered appropriate to ensure the calibre of team given the growing demands on and consequent size of NZF, while recognising NZF is a charity which exists first and foremost for recipients and givers. These benefits comprised optional salary sacrifice and basic healthcare schemes.

We have a comprehensive people system for managing the team with access to unlimited professional HR advice. Policies and processes are easily accessible by employees.

Our organisational structure:



How we manage the money givers trust us with

Managing risk

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks. The Charity has a Serious Incident policy in place and ensures that employees and Trustees have been trained on adhering to the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2022, the Board introduced a separate Risk & Governance Committee, ensuring focus on the further development of risk management. In 2022, the Risk Management Policy was significantly updated, and all team members, middle management, and above developed and owned their own risk register.

The most significant risks are:

Financial: Risk of insufficient funds to cover the cost of managing the organisation.

This risk of not covering the cost of the distribution service – the service of checking applications and distributing Zakat to people in need – is mitigated by ensuring that each giver covers the direct cost of getting their Zakat to recipients, either through their Zakat or through an additional Sadaqah donation.

Historically, sufficient funds including Gift Aid have been generated to cover non-distribution costs of the organisation and the cost of raising funds.

The organisation's strategy and its key elements (e.g. budgetary review and treasury management) are subject to regular review and oversight by the Finance and Audit Committee and Board, supported by operational updates and key operational metrics.

People: Risk of insufficient leadership expertise or skilled staff.

Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We monitor diversity and inclusion as well as employee engagement. We provide ongoing opportunities for personal and professional development. We have put in place staff training. We have added new senior roles. We have filled experience gaps with external advisors. We have reviewed compensation to ensure it is in line with what skilled employees can expect.

Technology: Risk of failure of key IT systems.

The likelihood of this risk is being mitigated through operational systems, controls and improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include the continued enhancement of NZF's technological infrastructure – notably, the successful implementation of a new CRM system, which now plays a central role in supporting service delivery and organisational data management. This system is regularly reviewed to ensure it continues to mitigate against IT system failures and supports efficient operations. In addition, NZF has cyber insurance to mitigate the impact of the risk.

Reputation and GDPR: The risk of incidents that damage reputation and/or negatively impact operations.

We carefully assess recipients of Zakat grants to ensure eligibility and likely impact, taking an approach that is proportionate to the size of the Zakat grant. We carefully assess suppliers to ensure they are viable, low-risk and can support us with quality work. We involve the Board where financial amounts are significant. We have put GDPR-compliant systems in place which are well above the minimum standard required and conduct an annual GDPR check. We have an external GDPR advisor.

Safeguarding: Risk of not protecting vulnerable people from harm.

This risk is mitigated by ensuring NZF has a safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We thoroughly reviewed and updated our policy in 2024. We maintain training on safeguarding, have a designated safeguarding lead, and ensure that community partners have a safeguarding policy in place. We will continue to provide safe places, encourage reporting of any issues, and take consistent action as required.

Our approach to operations

We made continuous improvements in the use of our Customer Relationship Management (CRM) system for applicant and payer records. We also further embedded the use of our Accounting System, Accounts IQ.

Our public fundraising approach

Almost all our funds come from the public and our aim is to ensure we raise funds in a respectful and compelling way that is consistent with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We work diligently to comply with the Code of Fundraising Practice.

The Director of Communications and Head of Fundraising and Community Engagement managed most income-generation activities, guided and monitored by the CEO, with overall oversight by the members of the Board. In 2024, we did not use external professional fundraisers.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year who agree to be contacted in this way. Individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

Our processes and controls ensure that vulnerable people and other members of the public are protected from unreasonable intrusion on a person's privacy, and that no fundraising activities are unreasonably persistent or place undue pressure on a person to give money or other property.

We actively encourage supporters to contact us with any feedback. No complaints relating to fundraising activities have been received by the charity during this financial period. We have in place procedures that would be followed in the event of a complaint being received, and these procedures are made publicly available on our website.

Charity Clarity provides an independent rating of charities. They reviewed NZF and gave a rating of 3.92 out of 5. The average rating on their website is 2.92.

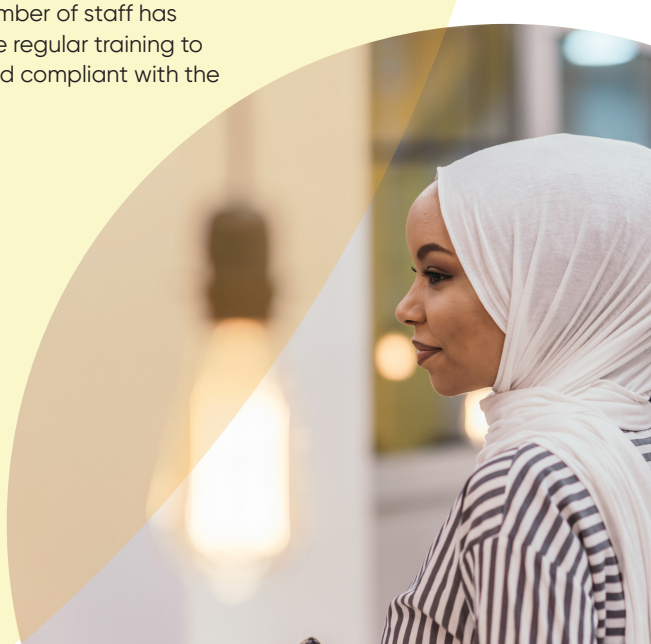
https://charityclarity.org.uk/charities/national-zakat-foundation/

General Data Protection Regulation

The General Data Protection Regulation (GDPR) became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data they collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing, supporter data privacy, consent and preference management. We hold an annual GDPR review.

We believe that every member of staff has a role to play, and we have regular training to ensure we're all familiar and compliant with the new requirements.



How we are governed

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.

The Board is currently made up of four members. The Board meets, at minimum, four times a year.

In addition, the Board has several working groups, consisting of Trustees and expert Advisors, whose purpose is to support management and advise the Board in their areas of expertise. These include the Finance and Audit Committee (FAC) which meets regularly to promote and safeguard the highest standards of integrity, financial reporting and internal control, and oversees capital spend projects.

The Board also has a Risk & Governance Committee which meets at least twice a year to provide oversight of the organisation's governance and risk-management processes. A Technology Committee provides guidance, support and oversight of the Technology function including infrastructure, the CRM, digital product development and data analysis. A Marketing Working Group brings expertise in marketing, fundraising and communications to advise on the organisations fundraising and outreach activities. In 2024, a new Applicant Services Advisory Group was set up with external advisors reviewing our application process and framework.

Trustees are rotated over a medium-to long-term basis, to provide fresh ideas and to avoid complacency in the role. One long serving Trustee left in the summer of 2024.

The Chief Executive Officer and his team make operational decisions and run the charity. The CEO is responsible for enacting the organisational objectives agreed with the Board.



People managers then align their objectives with these and set objectives for their direct reports. The Chief Executive and team leaders ensure that employees who have direct contact with recipients are regularly supported, trained and assessed to ensure their communication is in line with the charity's values.

Organisational purpose: Public benefit

The Trustees confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the work of the charity is in line with its objects; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; and that there is no detriment or harm arising from any of the activities.



"NZF's commitment to streamline processes and facilitate giving is stronger than ever connecting even more zakat givers with those who desperately need it in our local communities."

Anisa Hanif, Senior Legal Counsel at Mubadala Investment Company

How we are governed
continued

Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and alignment of their values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive. The Board has defined a clear pathway for appointing new trustees which allows opportunity to assess their skills and suitability before they are invited to serve as trustees. Potential trustees will serve initially as advisors to a working group of which they may become a member after attending two working group meetings. The pathway allows progression to serve as an advisor to the Board and finally to serve as a Board member after attending two to three Board meetings. Progression at each stage is decided by the Chair of Trustees after consultation with the Board.

Trustees access internal and external training as required. The number of Trustees is within the range recommended by the Governance Code.

We are working on ensuring the profile of Trustees is broadly representative of the givers and recipients we serve, and that Trustees are empathetic. This means that we have an advisor with lived experience of poverty.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their trusteeship.

Openness and accountability

We make our charity's impact visible to givers and stakeholders through our website and update it on an ongoing basis. We regularly share stories of our recipients on our website and in external messaging.

We fully disclose details of our Trustees and their biographies on our website.

We have a disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

Integrity

NZF's Board of Trustees has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries and contribute to the charity's continued improvement. We welcome the Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector.

We have a monthly Shariah audit undertaken by Mufti Amjad Mohammed, an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada'.

Both the Board and the Finance and Audit Committee take feedback from the Shariah audit and regularly implement aspects for improved governance.

We have a Serious Incidents policy which requires the recording of any material incidents that occur within the organisation or in the delivery of our services.

We have a conflicts of interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold their position.

We meticulously account for all our income from all sources, including Gift Aid.

"Zakat plays a pivotal role in responding to the call of the poor and needy in the UK. Being such an important pillar that has real potential to tackle poverty, NZF's presence has given it the credibility it deserves by addressing many of the socio-economic issues our society is crying out for today."

Councillor Saima Ashraf, Advisor to Board and Deputy Leader of the London Borough of Barking & Dagenham



Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation. We aim to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified.

Trustees and employees are from a range of backgrounds. We currently have three male trustees and one female trustee. The charity is BAME-led.

Environmental impact

We are constantly striving to reduce the charity's impact on the environment.

Giving is almost all online - through the website, Paypal, and online bank transfers.

Most charitable activity continues to be online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Educational events are equally held online and offline in community settings. We have started a small-scale programme of engagement with community partners so applicants have the opportunity to apply face-to-face.

All giver and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Most meetings are held online. All staff are based remotely. Our IT systems continue to work well to enable employees to work effectively. The team meet face-to-face minimum monthly to ensure team bonds remain strong.

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

NZF Worldwide is committed to:

- Represent the National Zakat Foundation brand at international forums surrounding Islamic finance/wealth management and philanthropy
- Seek opportunities to showcase the NZF UK case study in global Zakat forums
- Facilitate cooperation between NZF entities across the globe to improve efficiency, effectiveness and asset creation

In 2024, NZF Worldwide furthered the democratisation of its development, giving every country's chairperson a role on the non-executive advisory board of NZF Worldwide, to improve alignment and coordination between the countries.

NZF Worldwide also held an annual summit, in 2024, involving all country NZFs. CEOs and chairs from all NZF entities came together to plan collaboration in services and infrastructure, to amplify the global impact of the NZF family and facilitate growth into new countries.

To enhance compliance architecture, NZF Worldwide introduced an Islamic jurist with excellent and extensive Zakat management experience, Mufti Amjad Muhammed, as its Chief Shariah Officer.

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed by both the Finance and Audit Committee and the Board.

The Trustees have reviewed the reserves of the charity.

The charity's total funds at the year-end amounted to £4,214,804 of which £2,118,953 were unrestricted general funds and £2,095,851 of the reserves were restricted funds.

The restricted funds were for distribution to Zakat-eligible individuals. The Zakat distribution reserves at year end were similar to the previous year. While givers gave 67% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means we need to retain sufficient Zakat distribution reserves at year end to give grants to individuals in the first part of the following year, before we receive that year's Ramadan income.

Each year, substantial Sadaqah and other funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The Trustees consider that unrestricted general reserves are at a level that cover and exceed three months of non-distribution costs (operations salaries, office charges and cost of raising funds, less the costs of depreciation/amortisation). This makes the threshold for 2024 £678k. This is considered a sufficient threshold for this purpose at the current time and in line with reserves policy.

Investment policy and performance

National Zakat Foundation holds the majority of all short-term investments as non-interest-bearing cash deposits. The objective of our investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Investment income in 2024 was £15,307 (2023: £24,866).

Going concern

The Trustees are required to consider whether it is appropriate for the NZF accounts to be prepared on a 'going concern' basis.

The going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future, under IAS 570, as a minimum 12 months after signing of the accounts.

In assessing the Charity's going concern assumption, we have carefully evaluated several key factors that reflect the organisation's size and nature. This includes a thorough analysis of forecasts and budgets to ensure financial stability and sustainability. Additionally, we have scrutinised the timing of cash flows, which is crucial for maintaining liquidity and meeting the Charity's obligations in a timely manner.

Trustees have considered the going concern basis up until the end of June 2026.



Our leadership team

TRUSTEES
Sultan Choudhury OBE (Chair)

Anisa Hanif

Azim Kidwai – finished term July 2024

Shiraz Hussain

Dr Shorful Islam

CHIEF EXECUTIVE
Sohail Hanif

AUDITOR
Sayer Vincent
110 Golden Lane
London
EC1Y 0TG

BANKERS
Al Rayan Bank

Lloyds Bank

SOLICITORS
Bates Wells
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER
1153719

COMPANY REGISTRATION NUMBER
08536743

REGISTERED OFFICE
Kemp House
152-160 City Road
London
EC1V 2NX

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board

Sultan Choudhury OBE
Chair of Trustees

18 June 2025

Section 3

Financial statements

Independent auditor's report to the members of National Zakat Foundation (NZF)

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) (the 'charitable company') for the year ended 31 December 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation (NZF)'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Independent auditor's report to the members of National Zakat Foundation (NZF) continued

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard
(Senior statutory auditor)

17 July 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities
for the year ended 31 December 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
INCOMING RESOURCES							
Incoming Resources from Generated Funds:							
Donations and Legacies							
Hardship Relief	2	-	6,151,015	**6,151,015**	-	4,776,514	**4,776,514**
Housing	2	-	1,046,123	**1,046,123**	-	1,313,056	**1,313,056**
Work & Education	2	-	264,737	**264,737**	-	473,352	**473,352**
Other	2	2,696,210	-	**2,696,210**	2,367,113	-	**2,367,113**
Investment Income	3	15,307	-	**15,307**	24,866	-	**24,866**
TOTAL INCOMING RESOURCES		**2,711,517**	**7,461,875**	**10,173,392**	**2,391,979**	**6,562,922**	**8,954,901**
RESOURCES EXPENDED							
Raising Funds	4	661,758	-	**661,758**	639,689	-	**639,689**
Charitable Activities							
Hardship Relief	4	996,234	5,556,449	**6,552,683**	837,914	5,752,903	**6,590,817**
Community Zakat Programme	4	260,903	551,600	**812,503**	194,789	1,273,478	**1,468,267**
Work and Education	4	203,521	207,954	**411,475**	199,396	575,601	**774,997**
Zakat Education and Calculation	4	449,009	-	**449,009**	266,386	-	**266,386**
TOTAL RESOURCES EXPENDED		**2,571,425**	**6,316,003**	**8,887,428**	**2,138,174**	**7,601,982**	**9,740,156**
Net Income/(Expenditure)		140,092	1,145,872	**1,285,964**	253,805	(1,039,060)	**(785,255)**
Reconciliation of funds:							
Total funds brought forward	15	1,978,861	949,979	**2,928,840**	1,725,056	1,989,039	**3,714,095**
Total funds carried forward		**2,118,953**	**2,095,851**	**4,214,804**	**1,978,861**	**949,979**	**2,928,840**

Balance Sheet
as at 31 December 2024

Company number: 08536743

	Note	2024 £	2023 £
FIXED ASSETS			
Tangible assets	10	**5,335**	**8,632**
Intangible assets	11	**139,913**	**76,976**
		145,248	**85,608**
CURRENT ASSETS			
Debtors	13	**335,490**	**167,303**
Investments	12	**111,351**	**269,736**
Cash at bank and in hand		**3,654,026**	**2,444,748**
Short-term deposits		**76,630**	**67,610**
		4,177,497	**2,949,397**
LIABILITIES			
Creditors: amounts falling due within one year	14	**(107,941)**	**(106,165)**
TOTAL NET CURRENT ASSETS OR LIABILITIES		**4,069,556**	**2,843,232**
TOTAL NET ASSETS OR LIABILITIES		**4,214,804**	**2,928,840**
THE FUNDS OF THE CHARITY			
Unrestricted funds			
General funds	16	**2,118,953**	**1,978,861**
Restricted funds			
Restricted zakat funds, restricted sadaqah and grants	16	**2,095,851**	**949,979**
TOTAL FUNDS		**4,214,804**	**2,928,840**

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2016).

Approved by the Board on 18 June 2025 and signed on its behalf by:

Sultan Choudhury OBE
Chair of Trustees

Statement of cash flows
for the year ended 31 December 2024

	2024 £	2023 £
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,285,964	(785,255)
Adjustments for:		
Depreciation/Amortisation charges	33,373	26,244
(Gains)/losses on investments	-	-
Dividends, interest and rents from investments	(15,307)	(24,866)
Loss/(profit) on the sale of fixed assets	-	-
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(168,187)	(46,470)
Increase/(decrease) in creditors	1,776	590
Net cash provided by (used in) operating activities	**1,137,619**	**(829,757)**
Cash flows from operating activities:	**1,137,619**	**(829,757)**
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Dividends, Gains and rents from investments	9,020	7,537
Purchase of Intangibles	(91,537)	(67,947)
Purchase of property, plant and equipment	(1,476)	(6,298)
Purchase of investments	(275,544)	(150,000)
Cash held for Investment Purposes	-	150,000
Proceeds from sale of investments	440,216	-
Movements of cash to short-term deposits	(9,020)	(57,506)
Net cash provided by (used in) investing activities	**71,659**	**(124,214)**
Change in cash and cash equivalents in the reporting period	1,209,278	(953,971)
Cash and cash equivalents at the beginning of the reporting period	2,444,748	3,398,719
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	3,654,026	2,444,748

Notes to the financial statements
for the year ended 31 December 2024

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1 Legal status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales, and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is Kemp House, 124 City Road, London, EC1V 2NX.

1.2 Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Charities SORP (FRS102, effective 1 January 2016), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The National Zakat Foundation meets the definition of a public benefit entity under FRS102.
Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 37.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

In the view of the Trustees the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

Notes to the financial statements
continued

1.4. Volunteers

Volunteers support the work of National Zakat Foundation in two ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

The value of services provided by these volunteers has been included in the financial statements.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/seminars.

Due to the difficulty in valuing the total contribution of volunteer time and skills, the value of services provided by volunteers has not been included in the financial statements.

1.5. Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the investment income paid or payable by the bank.

1.6. Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT incurred and is reported as part of the expenditure to which it relates.

Charitable activity comprises those costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries. These include those that can be allocated directly to such activities. Costs of raising funds comprises the costs associated with attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objectives of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

1.9 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

1.10 Investments

Investments are a form of basic financial instrument with expected maturity of less than one year. Investments are initially recognised at the transaction value. Subsequent re-measurement is at amortised cost, at the undiscounted amount of cash or other consideration expected to be received.

1.11 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short term investments with a maturity of up to four months held in a deposit account; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the year.

1.12 Tangible and intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	Straight line over 5 years
Fixtures, fittings and equipment	-	Straight line over 3 years
Intangible assets	-	Straight line over 3 years

All items of expenditure greater than £750 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.13 Operating leases

The charity classifies the lease of office equipment and office space as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

Notes to the financial statements
continued

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Zakat	638,964	7,372,183	**8,011,147**	624,376	6,484,497	7,108,873
Zakat-ul-Fitr	-	57,360	**57,360**	-	43,889	43,889
Fidyah & Kaffarah	-	32,332	**32,332**	-	34,536	34,536
Sadaqah	707,709	-	**707,709**	519,901	-	519,901
Riba	342,647	-	**342,647**	170,193	-	170,193
In-Kind Donations	-	-	**-**	27,500	-	27,500
Income for NZF services	493	-	**493**	599	-	599
Gift Aid	1,006,397	-	**1,006,397**	1,024,544	-	1,024,544
	2,696,210	**7,461,875**	**10,158,085**	**2,367,113**	**6,562,922**	**8,930,035**

Zakat: We use 100% of Zakat for charitable activity. (2023:100%) We do not use Zakat to raise funds or for non-distribution related expenditure. Of the £8,011,147 Zakat, £638,964 of Zakat (2023: £624,376) is used or will be used to cover the cost of distributing the Zakat.

Zakat-ul-Fitr: The use of funds is restricted to providing cash grants for food for the poor and needy.

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

The remaining unrestricted funds are used to cover other direct charitable expenses, support and governance costs as well as the cost of raising funds.

3. INVESTMENT INCOME

	Total Funds 2024 £	Total Funds 2023 £
Income on deposits	9,020	7,537
Return on Investments	6,287	17,329
	15,307	24,866

Investment income comes from a Sharia compliant property debt platform.

4. ANALYSIS OF EXPENDITURE - Expenditure by activity

	Hardship Relief £	Community Zakat Programme £	Work and Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of Raising Funds £	Total 2024 £	Total 2023 £
Zakat and Zakat ul Fitr grants	5,556,449	551,600	207,954	-	**6,316,003**	-	**6,316,003**	7,601,982
Direct employees cost	517,209	131,328	116,040	112,427	**877,004**	145,462	**1,022,466**	886,938
Direct costs	297,153	94,363	52,974	319,250	**763,740**	449,066	**1,212,806**	989,358
Support & governance costs	181,872	35,212	34,507	17,332	**268,923**	67,230	**336,153**	261,878
Total	**6,552,683**	**812,503**	**411,475**	**449,009**	**8,225,670**	**661,758**	**8,887,428**	**9,740,156**

Prior Year

	Hardship Relief £	Housing £	Work and Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of Raising Funds £	Total 2023 £	Total 2022 £
Zakat and Zakat ul Fitr grants	6,958,556	67,825	575,601	-	**7,601,982**	-	**7,601,982**	3,830,183
Direct employees cost	487,125	71,450	106,299	68,597	**733,471**	153,467	**886,938**	690,674
Direct costs	272,267	28,083	64,132	166,153	**530,635**	458,723	**989,358**	1,012,388
Support & governance costs	170,090	3,688	28,965	31,636	**234,379**	27,499	**261,878**	154,843
Total	**7,888,038**	**171,046**	**774,997**	**266,386**	**9,100,467**	**641,767**	**9,740,156**	**7,540,985**

Notes to the financial statements
continued

Expenditure by income type

	Hardship Relief £	Community Zakat Programme £	Work and Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of Raising Funds £	Total 2024 £	Total 2023 £
Zakat and Fidyah/ Kaffarah	5,499,089	551,600	207,954	-	**6,258,643**	-	**6,258,643**	7,558,093
Zakat ul Fitr	57,360	-	-	-	**57,360**	-	**57,360**	43,889
Zakat - for distribution service	484,542	54,377	20,500	-	**559,419**	-	**559,419**	766,509
Sadaqah, Riba, Gift Aid and other income	511,692	206,526	183,021	449,009	**1,350,248**	661,758	**2,012,006**	1,371,665
Total	**6,552,683**	**812,503**	**411,475**	**449,009**	**8,225,670**	**661,758**	**8,887,428**	**7,540,985**

Prior Year

	Hardship Relief £	Community Zakat Programme £	Work and Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of Raising Funds £	Total 2024 £	Total 2023 £
Zakat and Fidyah/ Kaffarah	6,914,667	67,825	575,601	-	**7,558,093**	-	**7,558,093**	5,501,936
Zakat ul Fitr	43,889	-	-	-	**43,889**	-	**43,889**	36,039
Zakat - for distribution service	625,838	82,028	58,643	-	**766,509**	-	**766,509**	557,220
Sadaqah, Riba, Gift Aid and other income	303,644	21,193	140,753	266,386	**731,976**	639,689	**1,371,665**	1,445,790
Total	**7,888,038**	**171,046**	**774,997**	**266,386**	**9,100,467**	**639,689**	**9,740,156**	**7,540,985**

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2024 £	2023 £
Support Costs		
Office administration	112,407	57,588
Office Services excl depreciation	38,413	39,278
Depreciation	10,469	5,456
Office services	48,882	44,734
Governance (incl External Audit)	174,864	159,556
Total	**336,153**	261,878

	2024 £	2023 £
Governance costs		
Audit Fees	13,230	12,600
Auditor Fees for other services	1,200	1,200
Other professional fees	25,774	9,341
License fee and compliance costs	37,349	58,100
Staff costs	97,311	78,316
Total Governance costs	**174,864**	159,557

During 2024, other professional fees consisted of legal fees and external accountancy services. Audit Fees for other services in 2024 relates to tax preparation of the 2023 accounts.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

The charity did not pay any Zakat grants to organisations in 2024. (2023:nil)

7. NET INCOMING RESOURCES

	2024 £	2023 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	**-**	-
Losses on disposal of fixed assets	**-**	-
Depreciation and other amounts written off fixed assets	**33,373**	26,245
Operating lease charges	**-**	-
Auditors remuneration (excluding VAT):		
- Audit fees	**11,025**	10,500
- Other fees	**1,000**	1,000

All VAT is irrecoverable, therefore the full cost to NZF of the services received from the auditors is £14,430 (2023: £13,800).

Notes to the financial statements
continued

8. STAFF AND TRUSTEE INFORMATION

Employment costs:	2024 £	2023 £
Wages and salaries	1,047,004	904,402
Redundancy	12,692	-
Social security costs (employers NI)	100,388	77,699
Employer pension contribution	39,686	22,527
Total	1,199,770	1,012,330

	2024	2023
The number of employees with emoluments between £60,000 to £70,000 per annum	2	0

Employees costs exclude amounts paid to external consultants in 2024 of £95,766 (2023 £67,837).

Trustee costs

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2023: £nil). In 2024, £805 was claimed for travel expenses by a trustee (2023: £nil). No charity trustee received payment for professional services or other services supplied to the charity (2023: £nil).

Key Management Remuneration

Employee benefits of Key Management Personnel totalled £271,570 (2023: £192,362) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Employee numbers:
The average number of persons employed by National Zakat Foundation whether on a full time or part time basis during the period was as follows:

	2024 FTE	2023 FTE
Total number of Staff	30.6	26.4

Average employee numbers by team	2024 No.	2023 No.	2024 FTE	2023 FTE
Services	24	21	19.7	17.0
Operations	6	4	4.8	4.5
Marketing	5	7	6.0	4.9
Total	**35**	**32**	**30.6**	**26.4**

The average employee numbers above reflect the number of staff as well the full time equivalent (FTE) average headcount.

9. TAXATION

The National Zakat Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2024	25,661	25,661
Additions in year	1,476	1,476
Disposals in year	-	-
At 31 December 2024	**27,137**	**27,137**
Depreciation		
At 1 January 2024	17,029	17,029
Charge for the year	4,773	4,773
Eliminated on disposal	-	-
At 31 December 2024	**21,802**	**21,802**
Net book value		
At 31 December 2024	**5,335**	**5,335**
At 31 December 2023	**8,632**	**8,632**

Notes to the financial statements
continued

11. INTANGIBLE ASSETS

	Total £
Cost	
At 1 January 2024	270,891
Additions in year	91,537
Disposals in year	-
At 31 December 2024	**362,428**
Amortisation	
At 1 January 2024	193,915
Charge for the year	28,600
Eliminated on disposal	-
At 31 December 2024	**222,515**
Net book value	
At 31 December 2024	**139,913**
At 31 December 2023	**76,976**

12. INVESTMENTS

Analysis of movement	**2024 £**	**2023 £**
Investments at 01 January	269,736	252,407
Purchase of Investment at cost	275,544	150,000
Returns on Investments	2,345	17,329
Disposal Proceeds	**(436,274)**	(100,000)
Cash held for Investment Purposes	-	100,000
Release of Cash held to Purchase Investment	-	(150,000)
Investments at 31 December	111,351	269,736

13. DEBTORS

	2024 £	**2023 £**
Accrued Income	**20,447**	13,790
Prepayments	**4,976**	16,775
Other debtors	**310,067**	136,738
	335,490	167,303

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Trade creditors	**74,861**	65,428
Accruals and deferred income	**25,266**	29,544
Other creditors	**7,814**	11,193
	107,941	106,165

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Total Funds 2023 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	145,247	-	**145,247**	85,608
Net Current assets	1,973,706	2,095,851	**4,069,557**	2,843,323
Total	2,118,953	2,095,851	**4,214,804**	2,928,840

Prior Year

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	85,608	-	**85,608**	37,607
Net Current assets	1,893,253	949,979	**2,843,232**	3,676,488
Total	1,978,861	949,979	**2,928,840**	3,714,095

Notes to the financial statements
continued

16. ANALYSIS OF FUNDS

	1 January 2024 £	Incoming Resources £	Outgoing Resources £	Transfers £	31 December 2024 £
Unrestricted designated	-			-	-
General Funds	**1,978,861**	**2,711,517**	**(2,571,425)**	**-**	**2,118,953**
Total Unrestricted Funds	1,978,861	2,711,517	(2,571,425)	-	2,118,953
Zakat funds	949,979	7,372,183	(6,226,311)		2,095,851
Zakat-ul-Fitr	-	57,360	(57,360)		-
Fidyah and Kaffarah	-	32,332	(32,332)		-
Total Restricted Funds	**949,979**	**7,461,875**	**(6,316,003)**	**-**	**2,095,851**
Total Funds	**2,928,840**	**10,173,392**	**(8,887,428)**	**-**	**4,214,804**

Prior Year

	1 January 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	31 December 2023 £
Unrestricted designated	-			-	-
General Funds	**1,725,056**	**2,391,979**	**(2,138,174)**	**-**	**1,978,861**
Total Unrestricted Funds	1,725,056	2,391,979	(2,138,174)	-	1,978,861
Zakat funds	1,989,039	6,484,497	(7,523,557)		949,979
Zakat-ul-Fitr	-	43,889	(43,889)		-
Fidyah and Kaffarah	-	34,536	(34,536)		-
Total Restricted Funds	**1,989,039**	**6,562,922**	**(7,601,982)**	**-**	**949,979**
Total Funds	**3,714,095**	**8,954,901**	**(9,740,156)**	**-**	**2,928,840**

17. OPERATING LEASE COMMITMENTS

The charity did not have any operating lease commitments in 2024 (2023: nil).

18. RELATED PARTIES

Azim Kidwai was a Trustee of NZF in 2024 (resigned 8th July 2024), CEO of Mercy Mission and a Director of NZF Worldwide.

In 2024, NZF paid £24,000 (2023: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement and £24,000 (2023: £28,494) to NZF Worldwide as part of a Service Level Agreement. A further £30,000 was paid in 2024 in relation to 2023 expenditure.

In return, in 2024, NZF Worldwide helped develop a global strategy which will inform development of our governance framework, conducted training in fundraising and organised a global brand strategy workshop. This was done to explore how NZF can share resources globally within the NZF family in order to improve efficiencies and reduce costs.

In line with the Service Level agreement, NZF Worldwide researched calculation matters and managed Zakat calculation queries throughout the year, and specifically in the Ramadan period. NZF Worldwide delivered two months of Zakat consultancy to NZF UK in the Ramadan period ensuring that donors to NZF UK have calculation support in relation to their Zakat payments.

Income of £64,582 was received through Mercy Mission in 2024 (2023: £709,672).

Sultan Choudhury OBE is a trustee of NZF and also a director of OFFA (OFFA Holdings Limited). During 2024, NZF entered into two investment arrangements through OFFA, a related party.

As at end of the year, £111,272 was held with OFFA as investments and income of £3,943 was received in the year.

In 2024, total Trustee donations amounted to £3,828 (2023: £4,688).

Building a stronger UK Muslim community through local Zakat

National Zakat Foundation (NZF) is a registered charity
in England and Wales (1153719)

National Zakat Foundation™

NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales - Charity number 1153719

Accounts



Impact Report

and financial statements
for the year ended
31 December 2023

National Zakat Foundation

National Zakat Foundation (NZF) Charity number: 1153719 Company number: 08536743

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This Impact Report includes the Trustees' annual report as required by the SORP and a Directors' report as required by company law

Introduction from the Chief Executive and Chair

Assalamu alaikum. Peace be upon you.

t is with great honour that we present this annual report of National Zakat Foundation as we mark the start of our 13th year of operation. By the grace of God, 2023 marked a milestone year in which we collected the highest amount of Zakat and assisted more individuals than at any other time in our history.

The cost-of-living crisis has become embedded in many communities across the country. Rent increases caused a surge in applications to our Housing Fund while people cite ill-health as a cause for hardship. The economic situation of the UK's Muslim population mirrors that of the rest of the nation's poorest - it's getting worse.

Yet, it is through generous Zakat contributions that we have been able to offer much-needed support to those seeking relief from hardship, housing assistance, or opportunities to enhance their livelihoods through education and employment.

The positive impact of your Zakat is palpable – recipients have told us that not only have they found immediate relief but they have also grown closer to the community and strengthened in faith. Our partnerships with major international humanitarian charities, particularly Islamic Relief in 2023, further enabled us to extend our reach within the UK, ensuring that the Zakat given supports our fellow Muslims locally.

To enhance the efficiency and effectiveness of our distribution, we have implemented several improvements this year.

The impact of your Zakat for Sarah, Zakat Hardship Relief recipient:



When Sarah escaped her violent marriage, she had no idea how to provide for her four young children. She desperately needed help but couldn't find support until she came across NZF.

Sarah's husband was abusive, and as a convert to Islam, she felt alone and scared without support from friends or family. After years of abuse, Sarah left her husband with just the clothes she was wearing, determined to create a better future for her children.

As a single mother, she faced many challenges, struggling to make ends meet and provide for her children, one of whom is disabled. Relying on benefits wasn't enough to pay the bills. Desperate, Sarah feared her gas being shut off, leaving her family without heat or hot water. That's when she heard about NZF.

Sarah applied to the Hardship Fund and received Zakat to help pay her gas bill and other essentials. The assistance provided by NZF gave her a lifeline, allowing her to focus on her children without the constant fear of how to provide for them.

"Tonight, I will put my head on the pillow without stressing over finances and money. I'll be able to pay the £300 bill for gas this month. Thank you to everyone at NZF, I don't feel so alone anymore."

We continued our streamlined registration process for the Hardship Fund, allowing applicants to register swiftly and submit detailed applications with the necessary documentation. Our experienced Grants Officers have played a crucial role in guiding applicants through this process to accurately reflect their financial situations. We also introduced technology to automatically verify identification and assess bank statements, bringing the latest developments in artificial intelligence in aiding our Grants Officers and increasing the speed with which we can process applications and help those in need.

We further developed our new initiative of distributing Zakat through community partners. We added a further three London Mosques in 2023 to our Community Zakat Programme (CZP). This model leverages local community hubs where applicants can receive face-to-face assistance with their applications and access additional services. The initial results of this programme have been encouraging, demonstrating a successful model for promoting solidarity and support within the community. We intend to roll this out to other parts of the country.

Looking forward, our goal is to build a National Zakat System, where all Muslims in the United Kingdom live with the comfort of knowing that they are part of a community that is there for them if they fall into hard times. To move to this future, we are developing work in three areas:

i. Connectivity, whereby we create Zakat solutions that connect givers and recipients to their local communities to truly localise the Zakat experience. This is what we will develop by growing our Community Zakat Programme, where Zakat applicants can walk into a local mosque or community centre for a respectful Zakat assessment and immediate receipt of a Zakat grant.

ii. Mobilisation, whereby we educate people of their responsibility to their own communities, and empower them to educate, fundraise and serve. To this end, we started our new community engagement team.

iii. Knowledge, whereby NZF champions the cause of Muslim economic welfare on the national stage. To this end, we recently released our economic impact report, demonstrating the great economic value to British society from Muslims localising Zakat.

NZF Worldwide continues to work closely with NZF UK. The countries within the NZF family are building a mutual network of support, sharing expertise in relevant areas. NZF UK is pivotal within this network. We are glad to welcome NZF Germany to our ever-growing global family.

On behalf of NZF, we extend our deepest gratitude to our donors, partners, and dedicated team for your unwavering support and commitment to the mission of Zakat. Together, we are making a significant difference in the lives of many, fostering a stronger, more resilient Muslim community in the UK.

Sincerely and with much appreciation,



Sohail Hanif
Chief Executive



Sultan Choudhury
Chair of the Board of Trustees





Section 1

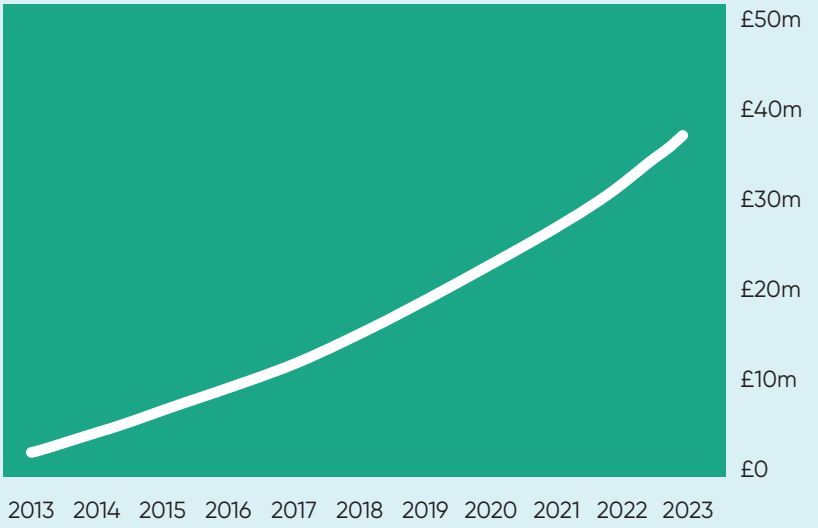
Impact Report

Impact at a glance

Since NZF began, 12 years ago:

Givers have supported
over 81,000 people

Total Zakat distributed
£39.3 million



The impact of your Zakat in building a thriving, closer Muslim community[1]

Has the help from NZF made you feel closer to the Muslim community?

Zakat recipients rated the impact on average 4.74 out of 5 –
that's 94.8%!

Has the help from NZF increased your faith?

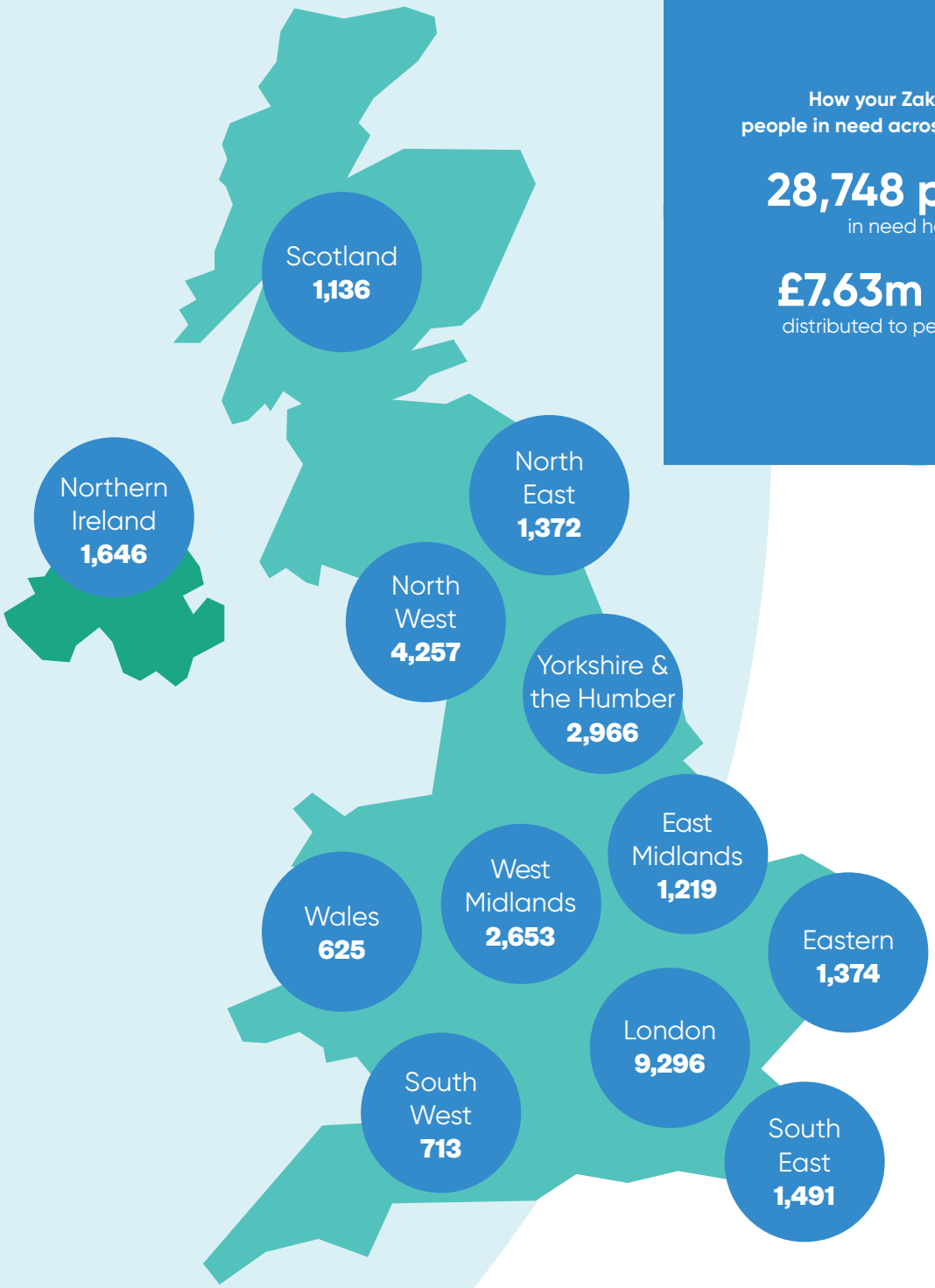
Zakat recipients rated the impact on average 4.68 out of 5 –
that's 93.6%!

Has the money we gave helped you to get your finances back on track?

Zakat recipients rated the help on average 4.63 out of 5 –
that's 92.6%!

1 NZF asks feedback from recipients 3 months after they have received the cash transfer to understand the impact. We use emojis to help recipients with language and literacy barriers respond to questions with ease. Recipients rate each question out of 5.

In 2023: number of people in need helped



How your Zakat helped people in need across the UK in 2023:

28,748 people
in need helped

£7.63m Zakat
distributed to people in need

Impact at a glance
continued

You gave help in these areas

Hardship Relief

Grants for vulnerable Muslims to pay for basic essentials.

Housing

Support for safe and secure homes through clearing rent arrears and buying basic furniture and goods.

Work and Education

Support to help people back in to work.

How you've helped in 2023, by fund

	People in need you've helped, by fund		Your Zakat distributed, by fund	
	No. of people	%	£	%
Hardship	25,945	90.3%	5,774,680	75.6%
Housing	2,423	8.4%	1,276,868	16.7%
Work	352	1.2%	328,434	4.3%
Education	28	0.1%	256,916	3.4%
Total	**28,748**	**100%**	**7,636,898**	**100%**

We use all Zakat for charitable activity.

We do not use Zakat to raise funds or for core costs.

How much of your Zakat is spent on getting it to those in need?

For every £1 of Zakat given, it costs 10p to check applicants and get it to an eligible recipient. Givers choose how to cover this cost.

25% chose to pay extra, so all their Zakat went directly to a recipient.



75% covered their distribution cost through the Zakat they gave.





About us

The challenge

Those who are geographically nearest to us have a special right on us. Zakat is not simply charity, rather Zakat is an institution. It reminds Muslims they are one family, one ummah. Zakat is meant to build real ties in real communities, so no-one feels alone and alienated wherever there is a group of believers. This emphasis of caring for those near us through our Zakat is agreed upon by all schools of law - they differ only in whether they consider this an obligation or a Sunnah.

Zakat is not only a religious obligation but also a powerful tool for social and economic justice.

1. **Strengthening Local Communities:** By allocating Zakat funds within the giver's own community, the impact is direct and immediate. This approach helps to address poverty, inequality, and other social issues at a local level, thereby strengthening community bonds and ensuring that the needs of the most vulnerable are met effectively.
2. **Boosting Local Economy:** When Zakat is distributed locally, it circulates within the community, supporting local businesses and services. This circulation can boost the local economy by increasing overall spending and investment, which can lead to job creation and economic stability.
3. **Fulfilling Religious Obligations Ethically:** Islam encourages Muslims to look after their neighbours. By focusing Zakat contributions on the local community, donors can fulfil their religious duty in a manner that aligns with the ethical teachings of Islam, promoting a sense of responsibility and empathy within the community.
4. **Enhancing Transparency and Trust:** Local distribution of Zakat can enhance transparency and build trust among contributors. Donors are more likely to see the outcomes of their contributions, which can encourage continued generosity and participation in Zakat programs.
5. **Empowering Local Decision-Making:** Local administration of Zakat funds allows for decisions to be made by those who are closest to the recipients and understand their unique circumstances. This localized decision-making process ensures that Zakat has the most meaningful impact.
6. **Creating a Sustainable Model of Charity:** By nurturing local giving and resource allocation, communities can revive a sustainable model of charity that does not rely heavily on external aid. This autonomy fosters resilience and self-sufficiency.

Muslim poverty in the UK is a critical issue that requires urgent attention. Despite the overall economic growth in the country, a significant proportion of the Muslim population experiences high levels of poverty and socio-economic disadvantage. According to the Muslim Census nearly 50% of Muslims live in poverty against 18% of the whole population. This creates barriers to opportunity such as unemployment and lower educational attainment, alongside discrimination. Tackling this issue is important not only for promoting social justice and equality but also for fostering community cohesion and economic stability. Addressing Muslim poverty can help break the cycle of deprivation, enabling individuals to contribute more effectively to society and reducing the social costs associated with poverty, such as healthcare, welfare and housing.

What NZF does

NZF enables Zakat givers to give their Zakat validly, effectively and respectfully to eligible Muslims in need in the UK, for short-term financial support and/or for longer-term investment in their future. We highlight the benefits of Zakat for community welfare upliftment and encourage others to advocate too. We apply our values in all that we do.

NZF is committed to listening to its givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. We give Zakat givers a choice about which fund or funds to contribute their individual Zakat to, and whether they would like any of their Zakat to Contribute to the cost of getting it to those eligible. We are diligent in ensuring policies are reviewed, endorsed and certified by scholars and make this certification available on our website.



Rizvan Khalid, Trustee, Euro Quality Foundation (corporate foundation of Euro Quality Lambs)

"We cannot recommend NZF enough."

How do we help? Our charitable activity

Our charitable activities are:

1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship by providing funds to cover basic essentials.

We give eligible individuals a grant to help cover the costs of food, clothing, and small debts for them and their family.

In 2023, Zakat givers helped 25,945 people in need across the UK through NZF's Hardship Relief Fund (up from 14,670 in 2022). 76% of all 2023 Zakat was distributed through this fund.

In 2023, Islamic Relief gave NZF £300,000 of Zakat to distribute to Muslims in need in the UK. This was the 4th time IR partnered with NZF as part of their strategy to help local Muslims in the UK.

Community Zakat Programme

In 2022, NZF launched its strategy of moving towards building a community of Zakat providers. Our Community Zakat Programme provides emergency cash support to individuals in hardship need. The aim is to empower community organisations to provide Zakat at a local level, building a Zakat system for the community.

Zakat Charity Partners

"The NZF hardship fund is an essential lifeline and provides an immediate helping hand to the most vulnerable families on home ground. Islamic Relief UK is proud to partner with NZF"
Tufail Hussain, Director of Islamic Relief UK



This would allow individuals in these areas direct access to Zakat distribution hubs, access to a larger support network and wrap-around services.

In 2023, we expanded the programme to partners in London and a partner in Bradford. We have provided over £61,000 of community Zakat to around 350 applicants. In the coming year we hope to expand the programme further with an aim of 10 partners onboarded.

Through these collaborative efforts and community-led initiatives, NZF has not only extended a lifeline to those in need but has also cultivated a culture of support and solidarity within local neighbourhoods. By harnessing the expertise and networks of our local partners, we have been able to establish a grassroots-led Zakat programme that is deeply embedded within the fabric of the communities it serves.

(Note: to protect the identity of Zakat recipients, names have been changed in many of the real-life stories)



The impact of your Zakat for Mustafa, Zakat Work Fund recipient:

Mustafa, a Syrian national, came to the UK with his wife, hoping to build a new future. Despite suffering from a heart condition, he was determined to become a pharmacist.

He applied for the Overseas Pharmacists Assessment Programme but struggled with course costs and living expenses. Working as a trainee dispenser, his income was barely enough, and his health prevented extra work.

Eventually, he found help through NZF's Work Fund, which eased his financial burden and motivated him. Mustafa hopes to give back to NZF once he completes his studies.

This approach not only ensures greater accessibility and responsiveness to the needs of the most vulnerable but also fosters a sense of belonging and empowerment among community members.

As we look ahead to 2024 and beyond, NZF remains committed to nurturing and expanding our community-led Zakat programme, ensuring that every individual has access to the support they need to lead dignified and fulfilling lives. By empowering local communities, fostering partnerships, and building networks of support, NZF is paving the way for a brighter and more resilient future for all.

Zakat community partner:
Horn of Africa Peoples Aid Northern Ireland

"National Zakat Foundation's work is invaluable to many who would otherwise be utterly destitute in the UK, due to poverty and legal barriers in the labour market."

Suleiman Abdulahi, Director and Founder

2. Housing Fund

The Housing Fund gives grants to help Muslims in the UK who need support to live in affordable, habitable and safe accommodation.

In 2023, Zakat givers supported 2,423 people in need across the UK through the Housing Fund (compared with 1,966 in 2022). 17% of all 2023 Zakat was distributed through this fund.

3. Work and Education Fund

The Work Fund gives grants to help Muslims in the UK who are unemployed or on low incomes to get a job and increase their incomes. This fund supports individuals by providing financial assistance for work-related training, funding qualifications, and offering resources necessary for career advancement. By covering these costs, the fund empowers recipients to enhance their skills and qualifications, thus improving their employment prospects and long-term earning potential.

In 2023, Zakat givers supported 352 people in need across the UK through NZF's Work Fund (compared with 384 in 2022). 7% of all 2023 Zakat.



The impact of your Zakat for Shereen, Zakat Housing Fund:

When Shereen fell behind on her rent, she was terrified of losing her home. Unable to access benefits, she felt alone and didn't know where to seek help. Your Zakat helped her avoid eviction and feel safe and cared for by her community.

Shereen has always been hardworking, but despite her best efforts, she found herself in great difficulty when she fell behind on her rent. Her low-income job and the spiralling cost of living made it impossible to make ends meet.

To make matters more challenging, Shereen's residential status barred her from accessing crucial housing benefits, and with no family and friends to turn to for help, she felt very alone and overwhelmed by her situation.

Thankfully, she learned about NZF at her local mosque and immediately applied to the Housing Fund for help. Her application was accepted, and she received the financial support needed to avoid eviction from her home.

Your Zakat provided a lifeline for Shereen when she needed it most. Beyond the financial relief, your support reminded her that she wasn't alone and that her community was there for her in her time of need.

The service we provide

We provide a full service for the giver, benefitting the giver and the recipient. The process is:

Calculate:

We help Zakat givers to work out how much Zakat they need to give based on their financial situation. We do this through a variety of calculation services including our easy-to-use online calculator, a historical Nisab calculator, one-to-one consultations with Zakat experts, responses to individual queries through a dedicated email supported by a Scholar, online webinars, an up-to-date knowledge bank and Zakat guides.

Give:

Zakat givers choose at the time of payment as to where they would like their Zakat to go. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing, Work & Education. Zakat givers also choose whether they would like to cover the Zakat distribution service (of checking and verification of people applying for funds) from their Zakat or through additional Sadaqah. We don't use Zakat for non-distribution costs or fundraising.

Givers can choose to write messages for recipients.

> "You are loved and never alone. May you continue to be blessed & protected eternally insha'Allah."
>
> **Message to recipient from Talha, giver**

We have introduced many ways for givers to pay Zakat. Our integrated PayPal payment gateway accounts for 20% of all payments. Givers also give through Apple Pay, Google Pay and Cryptocurrency.

Distribute:

Apply: Those in need of Zakat apply online to NZF for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process. Potential applicants can fill in an online self-assessment tool to quickly check if they meet the eligibility criteria, before completing the full application. This saves applicant and grants officer time for applications that do not meet our eligibility criteria.

Check: The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat. We improved efficiency in the verification process for applicants with more up-to-date and more robust financial checks for applicants via open banking, and tighter fraud security, including automated checks on applicant ID.

Decide: Our Grants Officers then work with applicants on a personal level to make sure we give them the right support. They aim to get back to applicants as quickly as possible with a decision.

Support: For recipients of a Hardship Relief Grant, Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible, or for collection from the national network of Post Offices. Where that is not possible, we send support in the form of digital supermarket vouchers. For recipients of Work or Education Grants, Grants Officers offer funding for training and education to help applicants get into work and serve their communities. In addition, for all funds, Grants Officers refer applicants to any additional funding or help they might be eligible for.

Mufti Amjad, External Shariah and Quality Auditor



"I am satisfied NZF's published Zakat policy is sound and in accordance with Islamic Fiqh. I am satisfied that NZF's Zakat procedures and practices are sound and in accordance with Islamic Fiqh. I am satisfied that there is a strong commitment in the organisation to continually improve in the quality of its processes"

The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations which provide support and funding to people in need. Staff have attended fraud training. A Senior Grants Officer conducts regular internal audits ensuring quality is maintained. A dedicated team member supports applicants with their queries.

NZF's Zakat policies and processes are endorsed and certified as sound by UK Markaz al-Ifta' wa'l-Qada'. Mufti Amjad Mohammed is NZF's External Shariah and Quality Auditor.

Track:

Live maps on our website show where Zakat has been received from and distributed to across the UK. We send out a personal email to let Zakat givers know when their Zakat has been distributed to those who need it.

Zakat Awareness, Education, and Calculation:

We continued to provide Zakat awareness, education and calculation services to UK Zakat givers and the wider public in 2023. This is funded by voluntary income (Sadaqah).

These services:

- improve understanding of how to calculate Zakat.
- increase understanding of the need for Zakat in the UK.
- spread knowledge about the spiritual and societal significance and impact of Zakat.

The service we provide to givers

Givers have access to a historical Nisab calculator that records prices of gold and silver back to the year 2000, allowing people to accurately calculate missed Zakat over the last 24 years.

Givers can save their Zakat calculation progress and return to it at any time.

Our calculator was integrated with the apps of pioneering Muslim Fintech projects of Kestrl and Minted.

We provide Zakat givers with many ways to help ensure they pay the right amount of Zakat, including workshops, online content, publications and one-to-one support. NZF offered Zakat Masterclasses. We provided prompt email access to our scholars. We offered personal Zakat consultations with our scholars, to ensure Zakat givers correctly calculated and paid Zakat due this year as well as any Zakat they may have missed over the years.

We have built on Zakat giver education with a new focus on advocacy. NZF has begun to represent the needs, struggles and contributions of the Muslim community to inform policy and public opinion.



How we raised and spent funds

Income:

Our funds are comprised of Zakat from individuals and businesses, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah), institutional grants and Gift Aid.

In 2023, we generated total voluntary income of £8,954,901 (2022: £7,777,280). Total expenditure was £9,740,156 (2022: £7,540,985). We had net incoming resources in 2023 of £785,255. (2022 net incoming resources: £236,295).

The main source of our income was Zakat, comprising £7,108,873 (2022: £6,174,866). Most Zakat givers gave one-off payments rather than regular contributions. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means there is a gap in timing between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat to individuals in need within a lunar year (11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within five to six months.

Despite the cost-of-living crisis affecting givers, in 2023 we exceeded the Zakat income level achieved in 2022 by over 15%. The increase in 2023 reflects a growing individual donor base, growing 15% from 11,700 to 13,400 givers.

Partnerships with NZF are increasingly an attractive proposition for international charities due to the efficiency, reach and expertise NZF offers in delivering Zakat to those in need in the UK. Islamic Relief contributed £300,000 Zakat funds during 2023 for NZF to distribute in the UK in 2023 (2022: £100,000).

Throughout the year, we continued to raise Sadaqah funds to support the work of the organisation – this made a vital contribution towards enabling NZF to grow and achieve our vision. We received £519,901 (2022: £528,637) of unrestricted Sadaqah funds in the year which, along with £1,024,544 (2022: £874,928) of Gift Aid, was critical to cover non-distribution costs of the charity and to raise funds. NZF received £170,193 (2022: £74,430) of Riba also used for non - distribution costs. The In-Kind Donation of £27,500 (2022: £45,500) represents voluntary time contributed towards the work of NZF recognised this year within the financial accounts.

Expenditure:

We continue to consult and listen to our givers. We distribute donations to people applying to funds in line with what givers ask for at the time of donating. All Zakat grants were given to eligible individuals in need who applied to a specific fund for Zakat. Applicants were able to apply to one or more of the following funds:

Hardship Relief, Housing, Work and Education.

Of the £7,601,982 (2022: £5,537,975) of Zakat/ Zakat ul Fitr grants we distributed in 2023: 76% or £5,752,903 (including 100% of the Zakat ul Fitr grants) was distributed directly to eligible people in need by the Hardship Relief Fund (2022: 67%); 17% or £1,273,478 by the Housing Fund (2022: 16%); and 8% or £575,601 by the Work and Education Fund (2022: 17%). All unspent funds from 2022 were carried over and spent in the early part of 2023. The Hardship Relief Fund and the Work and Education Fund resulted in a deficit in 2022 in the Statement of Financial Activities as the distribution of 2022 funds were also included in the distribution of £5,752,903 and £575,601 respectively.



Total direct charitable expenditure was £1,264,106 (2022: £1,163,800). The majority of the expense is the distribution service which checks Muslims who apply for help are genuinely in need and takes great care to get the Zakat directly to them. Costs are covered by Zakat and Sadaqah funds. Each Zakat giver gave 10% of the value of their giving to contribute to the costs of their distribution service, choosing for this contribution to come either from Zakat or Sadaqah. The remainder of the charitable expenditure is Zakat education and Calculation, funded by Sadaqah.

We incurred support and governance costs of £261,878 (2022: £212,306) during the year. Support and governance costs equated to 2.7% (2022: 2.8%) of total spending. With a fully remote workforce and no physical office, we continued to save on rent and related utility costs. Governance costs relate to audit fees, professional fees, license fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no trustees received any remuneration.

The cost of raising funds was a further 6.3% (2022: 8.3%) of total spending, covered entirely by Sadaqah and Gift Aid funds. This is lower than average for charities of this size.

The capital expenditure for a new CRM to improve the experience for Zakat givers, other donors, applicants, and all other users is now planned for 2024.

Cash Reserves:

Our Zakat grant cash reserves at the end of December 2023 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2024, when most givers give their Zakat.

Our non-grant reserves are also higher than anticipated, due to a delayed investment in IT projects. This is because our planned CRM upgrade proved more complex than anticipated, so it took longer to find an appropriate vendor. This project was commenced in 2024.

Cash deposits form the bulk of our cash reserves. Almost all cash deposits at year-end are for non-grant expenditure. There has been an increase in cash deposits in 2023 compared to 2022 to enable us to earn returns and generate non-grant income to further the work of NZF.

Due to high demands from applicants we are continuing to maintain higher liquidity (cash deposits) to enable us to distribute more quickly, therefore grants funds cannot be deposited for lengthy periods.





Thank you

Zakat givers, organisations and partners have enabled NZF to support many people in hardship.

Recipients who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible, the Zakat givers who have chosen to give through NZF.

> "Assalam Alaikum. I received the Zakat money today and I can't thank you enough for your help. May Allah grant you janet el firdawss to all of you. To everyone involved in this foundation. Jazakoum allah khayran. Ramadham Mubarek to you all"
>
> **[unedited message from grant recipient]**

On behalf of all recipients and from us at NZF, thank you.

Individuals, organisations, agencies, community groups and mosques have helped those in need to access our services through signposting and submitting applications on their behalf.

In addition, our work is strengthened by partners.

We look forward to building upon existing relationships and forging new ones in 2024 and beyond.

Together, we have helped Muslim recipients get their finances back on track, feel closer to the Muslim community, and increase in faith.



Our supporter community

Thank you to all our supporters, referrers and partners, including but not limited to:

Hardship Relief Fund
As-Suffa Trust
Barking Muslim Association
British Red Cross
Bradford Foundation Trust
Debt Advice Hub
Horn of Africa Peoples Aid Northern Ireland (HAPANI)
Northern Ireland Somani Association (NISA)
Post Office
Hestia

Housing Fund
C Supplies
Greater Change
Abigail Housing

Work Fund
Barnardo's (Northern Ireland Refugee Employment Support Service)
Breaking Barriers
Chromium Group of Companies Limited
House of Hope
LabMedExpert
Muslamic Matters
Mercy Mission
North London Dental Clinic
Rio Training Academy
Securtiy Training Solution
Association of Muslim Schools
Refugee Council

Education Fund
Al-Salaam Institute
Cambridge Muslim College (CMC)
Common Purpose
Markfield Institute of Higher Education (MIHE)
New Citizens' Gateway
Stephen Maynard Islamic Counselling

Advocacy Partners
Money Saving Expert
Trussell Trust
Joseph Rowntree Foundation
Pro Bono Economics
Community Policy Forum
Foot Ansley LLP
Money and Pensions Service

Fundraising and other supporters
Amaliah
Amanah Advisors
Emerald Network
Islamic Finance Guru
Inspire FM
Islamic Impressions
Kestrl
Minted
Qardus
Association of Muslim Lawyers
British Islamic Medical Association
Muslim Doctors Association
CUBE Network
Deutsche Bank Muslim Network
BDO Muslim Network
Deloitte Muslim Network

Fundraising and other supporters continued
Ernst & Young Muslim Network
Bank of England Muslim Network
KPMG Muslim Network
Transport for London Muslim Network
Balham & Tooting Mosque
Cambridge Central Mosque
East London Mosque
Streatham Mosque
Kingston Mosque
New Malden Muslim Association

Funders
Islamic Relief
Muslim Aid
Euro Quality Foundation
Zouq Foundation



Bringing Zakat to life in 2024 and beyond

We are committed to uphold Zakat, the third pillar of Islam, for our community. Our goal is to work with the UK Muslim community to establish a truly National Zakat System. This is a network of solidarity and support that reaches every Muslim in the UK, to give UK Muslims a feeling of comfort in knowing that there is a community there for them.

In order to build this National Zakat System, we have identified three strategic initiatives. The first initiative we call 'Connectivity', namely, to connect recipients directly to their local communities by embedding Zakat distribution within communities. We will expand the piloted model of distribution through organisations working at the heart of local Muslim communities, including mosques, community centres and food banks. By working alongside grassroots organisations who already have recipients in need within their communities, NZF will provide these organisations with a supplementary service to enable them to offer financial help to Muslims quickly and with dignity. Our goal is to have empowered 10 such organisations by the end of 2024.

A second initiative we call 'Mobilisation', namely to enable and empower individuals and organisations to advocate for community-level Zakat, by educating, fundraising, or serving in local Zakat projects. To this end, we have added a community engagement team to develop opportunities for volunteers and organisations to do their part in serving their communities.

As part of empowering people to serve their communities, we have started offering volunteer-led fundraising initiatives, including crowd-funding through dinners and treks. We are also developing educational pathways, to empower people to educate others to calculate and pay Zakat. We have also trained volunteers to assess Zakat applicants as part of distributing Zakat through our Community Zakat Programme.

The third initiative we call 'Knowledge', whereby we produce writings, speeches and research to establish NZF as a UK thought leader for Zakat and UK Muslim economic welfare. We will extend our advocacy, strengthening connections with mainstream charity and local government partners. We hope to represent and amplify the needs of the Muslim communities in the national conversation.

In 2023 we increased our public engagement, feeding data in to reports from the Joseph Rowntree Foundation, the Cabinet Office and presenting to a session of the London Assembly's Cost of Living Working Group and subsequent report. In 2024 we released our first economic impact report on the monetary impact of our Housing Fund and the huge cost benefits to UK local authorities of our investment. The report demonstrates a £1 to £73 ROI; in other words, for every £1 of Zakat we spend to keep Muslims in housing, we have added a value of £73 to the economy, because it is much more costly to rehouse someone homeless than to maintain them in housing.



The University of Bolton are working with our data team to conduct a wider piece of research on the total economic impact of Zakat in the UK, to launch later in 2024.

In addition, we will explore how to make a step-change in scaling up the service we offer to applicants. NZF continues to receive even-higher higher volumes of applications from people in need. The UK is gripped in a cost-of-living crisis with high inflation, high energy costs and decreases in benefits, which has disproportionately impacted the Muslim community.

In 2024, we will move forward with updating our Customer Relationship Management system (CRM) to improve the experience for givers and recipients. This large-scale transformation project will deliver better technological support for the smooth functioning of all aspects of the organisation. We will take advice from technology experts and benefit from the services of a dedicated CRM project manager. This was delayed from last year due to time taken in finding an appropriate vendor.



Income in 2024 is uncertain, given the impact of the cost-of-living crisis and the focus of the UK Muslim community on the unfolding humanitarian crisis in Gaza. NZF is working to establish sustainable income sources for both Zakat grants and support and governance costs which are essential for maintaining exemplary governance. In addition to renewing funding partnerships with other charities and foundations, including Islamic Relief and Euro Quality Foundation, NZF will actively seek to create new partnerships with other charities.

We'll continue to work with in-house and independent Islamic scholars, experts and practitioners to refine our Zakat policies and processes, which are both rooted in our faith and relevant to our time and place. Our Zakat policy has been developed by Mufti Faraz Adam. Our approach is certified as legally compliant by Mufti Amjad Mohammed, an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada', and is approved by NZF WorldWide, our licensing body.

We'll continue to improve the way we let you know the impact of your giving. Our live maps continue to show where Zakat has been received from and distributed to across the UK. We'll send out a personal email to let you know when your own Zakat has been distributed to those who need it. We'll draw on support from Pro-Bono Economics to measure the overall financial impact of your cash giving.

We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

And we'll continue to adhere to our values: being pioneering, faithful, purposeful and meticulous in all that we do.

Section 2

How we operate

Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement.

We do this through:

Employee engagement surveys

Our employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2023, 94% of participating employees agreed or strongly agreed that "the mission of NZF inspires" them. Employees know they can give feedback or put forward ideas at any time and we have formal and informal mechanisms in place to facilitate this.

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Safeguarding Policy and Code of Conduct that reflects this and we train the team regularly on safeguarding. We thoroughly reviewed and updated our policy. We have made public our Safeguarding Commitment.

We have zero tolerance for harassment, bullying or exploitation in any form.

Equal opportunities and diversity

We have an Equality and Diversity policy in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

We encourage employees to develop within National Zakat Foundation to match their circumstances and aspirations. We support flexible working practices wherever possible.

We strive for continuous improvement. In 2022, we formed a Diversity Working Group with participants from a variety of backgrounds and designations in the organisation. The group helped the Board assess diversity at NZF from the perspective of staff, givers and recipients. The group found the team have a positive balance of gender, social mobility range, and lived experience of being recipients and givers and of the charity sector. The gender pay gap was analysed and shared with the Board – no concerns were identified.

Employees' remuneration

The Board determines the salary of the Chief Executive. The Board approves the principles for salaries of all employees.

The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. There were significant changes in key management personnel in 2023. From September 2023, the role of Chief Operating Officer was removed and Chief Strategy and Transformation Officer and Chief Financial Officer were introduced.

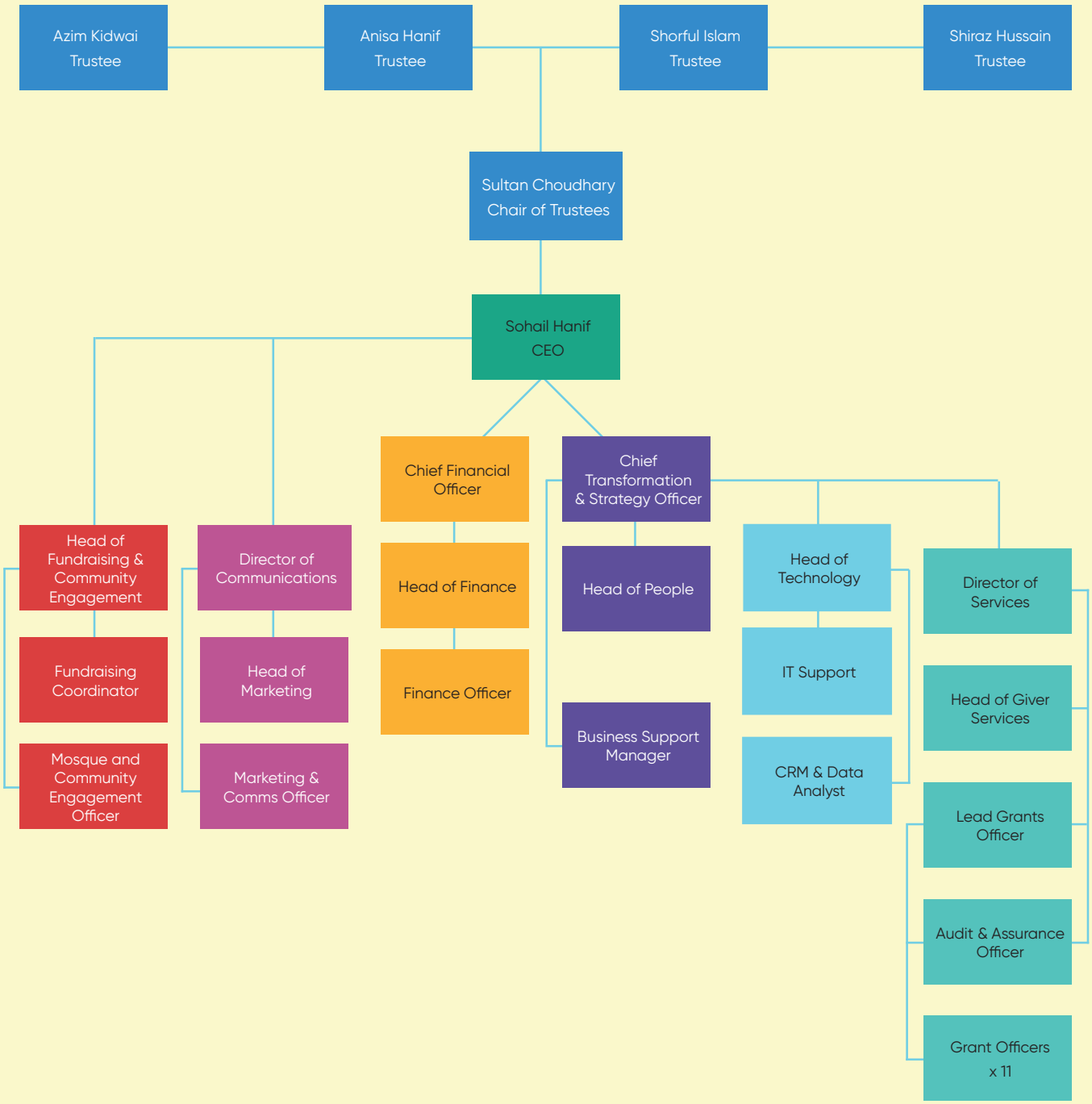
We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. Salaries are reviewed shortly after Ramadan each year. Any salary changes are effective from the following month.

Employee benefits are considered appropriate to ensure the calibre of team given the growing demands on and consequent size of NZF, while recognising NZF is a charity which exists first and foremost for recipients and givers. These benefits comprised optional salary sacrifice and basic healthcare schemes.

We have a comprehensive people system for managing the team with access to unlimited professional HR advice. Policies and processes are easily accessible by employees.

In 2023 we introduced LinkedIn Training for all staff, giving access to thousands on online courses.

Our organisational structure



How we manage the money givers trust us with

Managing risk

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks. The Charity has a Serious Incident policy in place and ensures that employees and Trustees have been trained on adhering to the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2022, the Board introduced a separate Risk & Governance Committee, ensuring focus on the further development of risk management. In 2022, the Risk Management Policy was significantly updated, and all team members middle management and above developed and owned their own risk register.

The most significant risks are:

Financial: Risk of insufficient funds to cover the cost of managing the organisation.

This risk of not covering the cost of the distribution service – the service of checking applications and distributing Zakat to people in need – is mitigated by ensuring that each giver covers the direct cost of getting their Zakat to recipients, either through their Zakat or through an additional Sadaqah donation.

Historically, sufficient funds including Gift Aid have been generated to cover non-distribution costs of the organisation and the cost of raising funds. The risk of not covering the non-distribution related costs of the organisation and the cost of raising funds is mitigated by the appointment of an experienced Head of Fundraising and Community Engagement.

The organisation's strategy and its key elements (e.g. budgetary review, cash resources and cashflow forecasting) are subject to regular management, Finance and Audit Committee and Board review, supported by operational updates and key operational metrics.

People: Risk of insufficient leadership expertise or skilled staff.

Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development. We have put in place staff training. We have added new senior roles. We have filled experience gaps with external advisors. We have reviewed compensation to ensure it is in line with what skilled employees can expect.

Technology: Risk of failure of key IT systems.

The likelihood of this risk is being mitigated through operational systems, controls and improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include constant improvements to NZF's technological capabilities - for example, with the upgrade of our CRM system, supported by external Advisors and a CRM project manager. This area is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF has cyber insurance to mitigate the impact of the risk.

Reputation and GDPR: The risk of incidents that damage reputation and/or negatively impact operations.

We carefully assess recipients of Zakat grants to ensure eligibility and likely impact, taking an approach that is proportionate to the size of the Zakat grant. We carefully assess suppliers to ensure they are viable, low-risk and can support us with quality work. We involve the Board where financial amounts are significant. We have put GDPR-compliant systems in place which are well above the minimum standard required and conduct an annual GDPR check. We have an external GDPR Advisor.

Safeguarding: Risk of not protecting vulnerable people from harm.

This risk is mitigated by ensuring NZF has a safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We thoroughly reviewed and updated our policy in 2022. We maintain training on safeguarding, have a dedicated safeguarding officer, and ensure that community partners have a safeguarding policy in place. We will continue to provide safe places, encourage the confidence to report any issues, and take consistent action.

Our approach to operations

We made continuous improvements in the use of our Customer Relationship Management (CRM) system for applicants' and payers records. We also further embedded the use of our Accounting System, Accounts IQ.

Our public fundraising approach

Almost all our funds come from the public and our aim is to ensure we raise funds in both a respectful and compelling way that is consistent with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We work diligently to comply with the Code of Fundraising Practice.

The Director of Communications and Head of Fundraising and Community Engagement managed most income-generation activities, guided and monitored by the CEO, with overall oversight by the members of the Board. In 2023, we did not use external professional fundraisers.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year who agree to be contacted in this way – individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

We consider that our processes and controls ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

We actively encourage supporters to contact us with any feedback. No complaints relating to fundraising activities have been received by the charity during this financial period. We have in place procedures that would be followed in the event of a complaint being received, and these procedures are made publicly available on our website.

Charity Clarity provides an independent rating of charities. They reviewed NZF and gave a rating of 3.92 out of 5. The average rating on their website is 2.92.

https://www.charityclarity.org.uk/charities/national-zakat-foundation/.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data that they collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing and supporter data privacy, consent and preference management. We hold an annual GDPR review.

We consider that every member of staff has a role to play, and we have regular training to ensure we're all familiar and compliant with the new requirements.



How we are governed

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.

The Board is currently made up of five members.

The Board meets at a minimum four times a year.

In addition, the Board has several working groups, consisting of Trustees and expert Advisors, whose purpose is to support management and advise the Board in their areas of expertise. These include the Finance and Audit Committee (FAC) which meets regularly to promote and safeguard the highest standards of integrity, financial reporting and internal control, and oversees capital spend projects.

The Board also has a Risk & Governance Committee which meets at least twice a year to provide oversight of the organisation's governance and risk-management processes. A Technology Committee provides guidance, support and oversight of the Technology function including infrastructure, the CRM, digital product development and data analysis. A Marketing working group brings expertise in marketing, fundraising and communications to advise on the organisations fundraising and outreach activities.

Trustees are rotated over a medium- to long-term basis, to provide fresh ideas and to avoid complacency in the role. One long serving Trustee left at the end of 2023 and one is due to leave mid 2024.

The Chief Executive and his team make operational decisions and run the charity. The CEO is responsible for enacting the organisational objectives agreed with the Board. People managers then align their objectives with these and set objectives for their direct reports. The Chief Executive and Team Leaders ensure that employees who have direct contact with recipients are regularly supported, trained and assessed to ensure their communication is in line with the charity's values.

Organisational purpose: Public benefit

The Trustees confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the work of the charity is in line with its objects; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; and that there is no detriment or harm arising from any of the activities.



"NZF's commitment to streamline processes and facilitate giving is stronger than ever connecting even more zakat givers with those who desperately need it in our local communities."
Anisa Hanif, Trustee and Associate General Counsel (Alliances & Acquisitions) at McKinsey & Company



How we are governed continued

Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and an alignment of their values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive. The Board has defined a clear pathway for appointing new trustees which allows opportunity to assess their skills and suitability before they are invited to serve as trustees. Potential trustees will serve initially as Advisors to a Working group of which they may become a member after attending two Working group meetings. The pathway allows progression to serve as Advisor to Board and finally to serve as a Board member after attending 2-3 Board meetings. Progression at each stage is decided by the Chair of Trustees after consultation with the Board.

Trustees access internal and external training as required. The number of Trustees is within the range recommended by the Governance Code.

We are working on ensuring the profile of Trustees is broadly representative of the people we are trying to help, givers and recipients we serve, and that Trustees are empathetic. This means that we have an Advisor with lived experience of poverty.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their trusteeship.

Openness and accountability

We make our charity's impact accessible to givers and stakeholders through our website and update it on an ongoing basis. We regularly share stories of our recipients on our website and in external messaging.

We fully disclose details of our Trustees and their biographies on our website.

We have a disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

"Zakat plays a pivotal role in responding to the call of the poor and needy in the UK. Being such an important pillar that has real potential to tackle poverty, NZF's presence has given it the credibility it deserves by addressing many of the socio-economic issues our society is crying out for today."
Councillor Saima Ashraf, Advisor to Board and Deputy Leader of the London Borough of Barking & Dagenham



Integrity

NZF's Board of Trustees has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement. We welcome the Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector.

We have a monthly Shariah audit undertaken by Mufti Amjad Mohammed an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada'.

Both the Board and the Finance and Audit Committee take feedback from the Shariah audit on board and regularly implement aspects for improved Governance.

We have a Serious Incidents policy which requires the recording of any material incidents that occur within the organisation or in the delivery of our services There were no serious incidents in 2023.

We have a conflicts of interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold their position.

We meticulously account for all our income from all sources, including Gift Aid.

Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation. We have formed a Diversity Working Group with the aim to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified. The Working group comprises members of a variety of diverse backgrounds and designations in the organisation.

Trustees and employees are from a range of backgrounds. We currently have four male trustees and one female trustee. The charity is BAME-led.

Environmental impact

We are also constantly striving to reduce the charity's impact on the environment.

Giving is almost all online - through the website, Paypal, and online bank transfers.

Most charitable activity continues to be online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Educational events are equally held online and offline in community settings. We have started a small-scale programme of engagement with community partners so applicants have the opportunity to apply face-to-face.

All giver and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Most meetings are held online. All staff are based remotely. Our IT systems continue to work well to enable employees to work effectively. The team meet face-to-face minimum monthly to ensure team bonds remain strong. .

How we are governed
continued

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

NZF Worldwide is committed to:

- Represent the National Zakat Foundation brand at international forums surrounding Islamic finance/wealth management and philanthropy
- Seek opportunities to showcase the NZF UK case study in global Zakat forums
- Facilitate cooperation between NZF entities across the globe to improve efficiency, effectiveness and asset creation

In 2023, NZF Worldwide democratised its development, giving every country's chairperson a role on the non-executive advisory board of NZF Worldwide, to improve alignment and coordination between the countries.

NZF Worldwide also held an annual summit, in 2023 , involving all country NZFs. CEOs and Chairs from across NZFs came together to plan collaboration in services and infrastructure to amplify the global impact of the NZF family and facilitate growth into new countries.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent and extensive Zakat management experience, Mufti Amjad Muhammed.

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed, at both the Finance and Audit Committee and the Board.

The Trustees have reviewed the reserves of the charity.

The charity's total funds at the year-end amounted to £2,928,840 of which £1,978,861 were unrestricted general funds and £949,979 of the reserves were restricted funds.

The restricted funds were for distribution to Zakat-eligible individuals. The Zakat distribution reserves at year end were similar to the previous year. While givers gave 74% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means we need to retain sufficient Zakat distribution reserves at year end to give grants to individuals in the first part of the following year, before we receive that year's Ramadan income.

Each year, substantial Sadaqah and other funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The Trustees consider that unrestricted general reserves are at a level that cover and exceed three months of non-distribution costs (operations salaries, office charges and cost of raising funds, less the costs of depreciation/ amortisation) and that these are sufficient for this purpose at the current time and in line with reserves policy.

Investment policy and performance

National Zakat Foundation holds the majority of all short-term investments as non-interest-bearing cash deposits. Additionally less than 2% of funds were held as short term accessible investment with Nester in property. The objective of our investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Investment income in 2023 was £24,866 (2022: £10,253).

Going concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future. The Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.



Our leadership team

TRUSTEES

Sultan Choudhury OBE (Chair)

Anisa Hanif

Azim Kidwai – to leave Summer 2024

Muhammed Yesilhark – finished term Dec 2023

Shiraz Hussain – joined Dec 2023

Shorful Islam- joined Dec 2023

CHIEF EXECUTIVE

Sohail Hanif

AUDITOR

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

BANKERS

Al Rayan Bank

Lloyds Bank

SOLICITORS

Bates Wells
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

Kemp House
152-160 City Road
London
EC1V 2NX

Statement of Trustees' responsibilities

The Trustees (who are also directors of National Zakat Foundation (NZF) for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board

Sultan Choudhury OBE
Chair of Trustees

11 July 2024

Section 3

Financial statements

Independent auditor's report to the members of National Zakat Foundation (NZF)

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation (NZF)'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements..

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report to the members of National Zakat Foundation (NZF) continued

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard
(Senior statutory auditor)

5 September 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities
for the year ended 31 December 2023

	Note	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
INCOMING RESOURCES							
Incoming Resources from Generated Funds:							
Donations and Legacies							
Hardship Relief	2	-	4,776,514	**4,776,514**	-	4,057,328	**4,057,328**
Housing	2	-	1,313,056	**1,313,056**	-	928,170	**928,170**
Work & Education	2	-	473,352	**473,352**	-	693,225	**693,225**
Other	2	2,367,113	-	**2,367,113**	2,088,304	-	**2,088,304**
Charitable activities				**-**			**-**
Investment income	3	24,866		**24,866**	10,253	-	**10,253**
TOTAL INCOMING RESOURCES		**2,391,979**	**6,562,922**	**8,954,901**	**2,098,557**	**5,678,723**	**7,777,280**
RESOURCES EXPENDED							
Raising funds	4	639,689	-	**639,689**	641,767	-	**641,767**
Charitable activities							
Hardship Relief	4	837,914	5,752,903	**6,590,817**	739,287	3,752,169	**4,491,456**
Housing	4	194,789	1,273,478	**1,468,267**	200,697	875,064	**1,075,761**
Work & Education	4	199,396	575,601	**774,997**	166,404	910,742	**1,077,146**
Leadership Investment	4		-	**-**		-	**-**
Zakat Education and Calculation	4	266,386	-	**266,386**	254,855	-	**254,855**
TOTAL RESOURCES EXPENDED		**2,138,174**	**7,601,982**	**9,740,156**	**2,003,010**	**5,537,975**	**7,540,985**
Net income/(expenditure)		253,805	(1,039,060)	**(785,255)**	95,547	140,748	**236,295**
Transfer between funds	15						
Other Recognised							
Net gains/(losses) on disposal of tangible assets	10	-	-				
Net Movement in Funds		253,805	(1,039,060)	**(785,255)**	95,547	140,748	**236,295**
Reconciliation of funds:							
Total funds brought forward	15	1,725,056	1,989,039	**3,714,095**	1,629,509	1,848,291	**3,477,800**
Total funds carried forward		**1,978,861**	**949,979**	**2,928,840**	**1,725,056**	**1,989,039**	**3,714,095**

Balance sheet
as at 31 December 2023

Company number: 08536743

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	**8,632**	**6,695**
Intangible assets	11	**76,976**	**30,912**
		85,608	**37,607**
CURRENT ASSETS			
Debtors	13	**167,303**	**120,833**
Investments	12	**269,736**	**252,407**
Cash at bank and in hand		**2,444,748**	**3,398,719**
Deposit accounts		**67,610**	**10,104**
		2,949,397	**3,782,063**
LIABILITIES			
Creditors: amounts falling due within one year	14	**(106,165)**	**(105,575)**
TOTAL NET CURRENT ASSETS OR LIABILITIES		**2,843,232**	**3,676,488**
TOTAL NET ASSETS OR LIABILITIES		**2,928,840**	**3,714,095**
THE FUNDS OF THE CHARITY			
Unrestricted funds			
General funds	16	**1,978,861**	**1,725,056**
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	16	**949,979**	**1,989,039**
TOTAL FUNDS		**2,928,840**	**3,714,095**

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2016).

Approved by the Board on 11 July and signed on its behalf by:

Sultan Choudhury OBE
Chair of Trustees

Statement of cash flows
for the year ended 31 December 2023

	2023 £	2022 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	**(829,757)**	**301,134**
Cash flows from investing activities:		
Dividends, profit and rents from investments	**7,537**	**7,846**
Proceeds from the sale of property, plant and equipment	**-**	**-**
Purchase of property, plant and equipment	**(74,245)**	**(25,541)**
Purchase of investments	**(150,000)**	**(100,000)**
Cash held for investment purposes	**150,000**	**(150,000)**
Proceeds from sale of investments	**-**	**-**
Deposit account greater than 3 months	**(57,506)**	**882,153**
Net cash provided by (used in) investing activities	**(124,214)**	**614,458**
Cash flows from financing activities:		
Repayments of borrowing		**(200,000)**
Cash inflows from new borrowing		
Receipt of endowment	**-**	**-**
Net cash provided by (used in) financing activities		**(200,000)**
Change in cash and cash equivalents in the reporting period	**(953,971)**	**715,593**
Cash and cash equivalents at the beginning of the reporting period	**3,398,719**	**2,683,126**
Change in cash and cash equivalents due to exchange rate movements	**-**	**-**
Cash and cash equivalents at the end of the reporting period	**2,444,748**	**3,398,719**
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	**(785,255)**	**236,295**
Adjustments for:		
Depreciation charges	**26,244**	**60,347**
(Gains)/losses on investments	**-**	**-**
Dividends, interest and rents from investments	**(24,866)**	**(10,253)**
Loss/(profit) on the sale of fixed assets	**-**	**-**
(Increase)/decrease in stocks	**-**	**-**
(Increase)/decrease in debtors	**(46,470)**	**23,582**
Increase/(decrease) in creditors	**590**	**(8,836)**
Net cash provided by (used in) operating activities	**(829,757)**	**301,135**
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	**2,444,748**	**3,398,719**
Total cash and cash equivalents	**2,444,748**	**3,398,719**

Notes to the financial statements
for the year ended 31 December 2023

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1 Legal status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales, and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is Kemp House, 124 City Road, London, EC1V 2NX.

1.2 Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Charities SORP (FRS102, effective 1 January 2016), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The National Zakat Foundation meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 37.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

In the view of the Trustees the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

1.4. Volunteers

Volunteers support the work of National Zakat Foundation in two ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

The value of services provided by these volunteers has been included in the financial statements.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know about the need for local Zakat and NZF's role in coordinating the collection and distribution of Zakat across the UK. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/ seminars.

Due to the difficulty in valuing the total contribution of volunteer time and skills, the value of services provided by these volunteers has not been included in the financial statements.

1.5. Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the investment income paid or payable by the bank.

1.6. Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT incurred and is reported as part of the expenditure to which it relates.

Charitable activity comprises those costs that can be directly allocated to costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries.

Costs of raising funds comprises those costs that can be directly allocated to costs incurred in attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objectives of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity. These are donations which are earmarked for distribution to beneficiaries through one of our Zakat funds. Donors may specify the fund where the Zakat will be distributed or let NZF decide.

1.9 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Notes to the financial statements
continued

1.10 Investments

Investments are a form of basic financial instrument with expected maturity of less than one year. Investments are initially recognised at the transaction value. Subsequent re-measurement is at amortised cost, at the undiscounted amount of cash or other consideration expected to be received.

1.11 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short term investments with a maturity of four months held in a deposit account; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the year.

1.12 Tangible and intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	–	Straight line over 5 years
Fixtures, fittings and equipment	–	Straight line over 3 years
Intangible assets	–	Straight line over 3 years

All items of expenditure greater than £750 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.13 Operating leases

The charity classifies the lease of office equipment and office space as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Zakat 1	624,376	6,484,497	**7,108,873**	564,809	5,610,057	6,174,866
Zakat-ul-Fitr	-	43,889	**43,889**	-	36,039	36,039
Fidyah & Kaffarah	-	34,536	**34,536**	-	32,627	32,627
Sadaqah	519,901	-	**519,901**	528,637	-	528,637
Riba	170,193	-	**170,193**	74,430	-	74,430
In-Kind Donations	27,500	-	**27,500**	45,500	-	45,500
Income for NZF services	599	-	**599**	-	-	-
Gift Aid	1,024,544	-	**1,024,544**	874,928	-	874,928
Legacy Income	-	-	**-**	-	-	-
Grant income	-	-	**-**	-	-	-
	2,367,113	**6,562,922**	**8,930,035**	**2,088,304**	**5,678,723**	**7,767,027**

Zakat: We use 100% of Zakat for charitable activity. (2022:100%) We do not use Zakat to raise funds or for non-distribution costs. Of the £7,108,873 Zakat, £624,376 of Zakat (2022: £564,809) is used or will be used to cover the cost of distributing the Zakat.

Zakat-ul-Fitr: The use of funds is restricted to providing cash grants for food for the poor and needy.

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

The remaining unrestricted funds are used to cover other direct charitable expenses, support and governance costs as well as the cost of raising funds.

3. INVESTMENT INCOME

	Total funds 2023 £	Total funds 2022 £
Income on deposits	7,537	7,846
Return on Investments	17,329	2,407
	24,866	10,253

Investment income comes from a Sharia compliant property debt platform.

4. ANALYSIS OF EXPENDITURE

Expenditure by activity

	Hardship Relief £	Housing £	Work & Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2023 £	Total 2022 £
Zakat and Zakat ul Fitr grants	5,752,903	1,273,478	575,601	-	**7,601,982**	-	**7,601,982**	5,537,975
Direct employees cost	454,998	103,577	106,299	68,597	**733,471**	153,467	**886,938**	829,548
Direct costs	238,103	62,247	64,132	166,153	**530,635**	458,723	**989,358**	961,156
Support and governance costs	144,813	28,965	28,965	31,636	**234,379**	27,499	**261,878**	212,306
Total	**6,590,817**	**1,468,267**	**774,997**	**266,386**	**9,100,467**	**639,689**	**9,740,156**	**7,540,985**

Prior Year

	Hardship Relief £	Housing £	Work & Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Zakat ul Fitr grants	3,752,169	875,064	910,742	-	5,537,975	-	**5,537,975**	3,830,183
Direct employees cost	435,050	120,909	84,016	55,252	695,226	134,322	**829,548**	690,674
Direct costs	184,851	51,945	53,406	178,371	468,574	492,582	**961,156**	1,012,388
Support and governance costs	119,386	27,843	28,982	21,232	197,443	14,863	**212,306**	154,843
Total	**4,491,456**	**1,523,990**	**628,917**	**254,855**	**6,899,218**	**641,767**	**7,540,985**	**5,688,088**

Notes to the financial statements continued

Expenditure by income type

	Hardship Relief £	Housing £	Work & Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2023 £	Total 2022 £
Zakat and Fidyah/ Kaffarah	5,709,014	1,273,478	575,601	-	**7,558,093**	-	**7,558,093**	5,501,936
Zakat ul Fitr	43,889	-	-	-	**43,889**	-	**43,889**	36,039
Zakat - for distribution service	578,123	129,743	58,643	-	**766,509**	-	**766,509**	557,220
Sadaqah, Riba, Gift Aid and other income	259,791	65,046	140,753	266,386	**731,976**	639,689	**1,371,665**	1,445,790
	6,590,817	**1,468,267**	**774,997**	**266,386**	**9,100,467**	**639,689**	**9,740,156**	**7,540,985**

Prior Year

	Hardship Relief £	Housing £	Work & Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Fidyah/ Kaffarah	3,716,130	875,064	910,742	-	5,501,936	-	**5,501,936**	3,804,544
Zakat ul Fitr	36,039	-	-	-	36,039	-	**36,039**	25,639
Zakat - for direct costs	375,280	129,432	52,508	-	557,221	-	**557,221**	372,737
Sadaqah, Riba, Gift Aid and other income	364,007	71,265	113,896	254,855	804,022	641,767	**1,445,789**	1,485,168
Total	**4,491,456**	**1,075,761**	**1,077,146**	**254,855**	**6,899,218**	**641,767**	**7,540,985**	**5,688,088**

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2023 £	2022 £
Support costs		
Office administration	**57,588**	62,290
Office Services excl depreciation	39,278	27,701
Depreciation	5,456	6,622
Office services:	**44,734**	34,323
Governance (incl external audit)	**159,556**	115,693
Total	**261,878**	212,306

Governance costs:		
Audit fees	**12,600**	11,750
Auditor fees for other services	**1,140**	-
Other professional fees	**9,401**	9,589
Licence fee and compliance costs	**58,100**	28,233
Staff costs	**78,316**	66,121
Total Governance costs	**159,557**	**115,693**

During 2023, other professional fees consisted of legal fees and external accountancy services.

Audit Fees for other services in 2023 relates to tax preparation of the 2022 accounts.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

The charity did not pay any Zakat grants to organisations in 2023. (2022:nil)

7. NET INCOMING RESOURCES

	2023 £	2022 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	**-**	-
Losses on disposal of fixed assets	**-**	-
Depreciation and other amounts written off fixed assets	**26,245**	60,347
Total depreciation and other amounts written off fixed assets	**26,245**	60,347
Operating lease charges	**-**	-
Auditor's remuneration (Including VAT):		
Audit fees	**12,600**	11,750
Non-audit fees	**-**	-

Notes to the financial statements
continued

8. ANALYSIS OF EMPLOYEES COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2023 £	2022 £
Employment costs:		
Wages and salaries	**904,402**	854,135
Social security costs (employers NI)	**75,912**	77,699
Employer pension contribution	**32,016**	22,527
Total	**1,012,330**	**954,360**

No employee (2022: no employee) had employee benefits in excess of £60,000.

Employees costs exclude amounts paid to external consultants in 2023 of £67,837 (2022 £48,769). Consultants were used for three roles within the Communications team.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2022: £nil). In 2023, there were no travel expenses claimed for trustees (2022: £279). No charity trustee received payment for professional services or other services supplied to the charity (2022: £nil).

Employee benefits of Key Management Personnel totalled £192,362 (2022: £200,360) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

In addition to the employee's costs mentioned above, £27,500 of Gift In-Kind has been recognised in the accounts in relation to voluntary contribution towards the work of National Zakat Foundation.

Employee numbers:

The average number of persons employed by National Zakat Foundation whether on a full time or part time basis during the period was as follows:

Employee numbers

	2023 FTE	2022 FTE
All team	**26.4**	**23.1**

Average employee numbers by team

	2023 No.	2022 No.	2023 FTE	2022 FTE
Services (covers services to givers & recipients)	21	18	17	15.4
Marketing	4	4	4.5	3
Finance, Risk & Governance (formally operations)	7	4	4.9	4.7
Total	**32**	**26**	**26.4**	**23.1**

9. TAXATION

The National Zakat Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2023	19,363	19,363
Additions in year	6,298	6,298
Disposals in year	-	-
At 31 December 2023	**25,661**	**25,661**
Depreciation		
At 1 January 2023	12,668	12,668
Charge for the year	4,361	4,361
Eliminated on disposal	-	-
At 31 December 2023	**17,029**	**17,029**
Net book value		
At 31 December 2023	**8,632**	**8,632**
At 31 December 2022	6,695	6,695

Notes to the financial statements
continued

11. INTANGIBLE ASSETS

Cost	Total £
At 1 January 2023	202,944
Additions in year	67,947
Disposals in year	-
At 31 December 2023	**270,891**
Amortisation	
At 1 January 2023	172,032
Charge for the year	21,883
Eliminated on disposal	-
At 31 December 2023	**193,915**
Net book value	
At 31 December 2023	**76,976**
At 31 December 2022	30,912

12. INVESTMENTS

Analysis of movement	2023 £	2022 £
Investments at 01 January	252,407	-
Purchase of Investment at cost	150,000	100,000
Returns on Investments	17,329	2,407
Disposal Proceeds	**(100,000)**	-
Cash held for Investment Purposes	**100,000**	150,000
Release of Cash held to Purchase Investment	(150,000)	
Investments at 31 December	269,736	252,407

The investment was made in a property through a third-party investment management company.

13. DEBTORS

	2023 £	2022 £
Trade debtors	**-**	-
Accrued Income	**13,790**	14,678
Prepayments	**16,775**	49,302
Other debtors	**136,738**	56,853
	167,303	**120,833**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	**65,428**	79,951
Taxation and social security	**-**	-
Accruals and deferred income	**29,544**	15,004
Other creditors	**11,193**	10,620
	106,165	**105,575**

Some Zakat grants are approved in principle for periods which extend past the year end date. Subsequent period Zakat grants represent planned future commitments but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress.

As at 31 December 2023, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2022: £nil).

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Total funds 2022 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	85,608	-	**85,608**	37,607
Net current assets	1,893,253	949,979	**2,843,232**	3,676,488
Total	**1,978,861**	**949,979**	**2,928,840**	**3,714,095**

Prior Year

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	37,607	-	**37,607**	72,413
Net current assets	1,687,449	1,989,039	**3,676,488**	3,405,388
Total	**1,725,056**	**1,989,039**	**3,714,095**	**3,477,800**

Notes to the financial statements
continued

16. ANALYSIS OF FUNDS

	1 January 2023 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2023 £
Unrestricted designated	–			–	–
General funds	**1,725,056**	**2,391,979**	**(2,138,174)**	**-**	**1,978,861**
Total unrestricted funds	1,725,056	2,391,979	(2,138,174)	-	1,978,861
Zakat funds	1,989,039	6,484,497	(7,523,557)		949,979
Zakat-ul-Fitr	-	43,889	(43,889)		-
Fidyah and Kaffarah	-	34,536	(34,536)		-
Total restricted funds	**1,989,039**	**6,562,922**	**(7,601,982)**	**-**	**949,979**
Total funds	**3,714,095**	**8,954,901**	**(9,740,156)**	**-**	**2,928,840**

Prior Year

	1 January 2022 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2022 £
Unrestricted designated	-			-	-
General funds	1,629,509	2,098,057	(2,003,010)	-	1,725,056
Total unrestricted funds	**1,629,509**	**2,098,057**	**(2,003,010)**	**-**	**1,725,056**
Zakat funds	1,848,291	5,610,057	(5,469,309)		1,989,039
Zakat-ul-Fitr	-	36,039	(36,039)		-
Fidyah and Kaffarah	-	32,627	(32,627)		-
Total restricted funds	**1,848,291**	**5,678,723**	**(5,537,975)**	**-**	**1,989,039**
Total funds	**3,477,800**	**7,777,280**	**(7,540,985)**	**-**	**3,714,095**

17. OPERATING LEASE COMMITMENTS

The charity did not have any operating lease commitments in 2023 (2022: nil).

18. RELATED PARTIES

Azim Kidwai is a Trustee of NZF, CEO of Mercy Mission and a Director of NZF Worldwide.

In 2023, NZF paid £24,000 (2022: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement, £28,494 (2022: £24,000) to NZF Worldwide as part of a Service Level Agreement, £30,000 (2022: nil) to NZF Worldwide as part of a newly established Leadership fund.

In return, in 2023, NZF Worldwide helped develop a global strategy which will inform our technology development going forward. This was done to explore how NZF can share resources globally within the NZF family in order to improve efficiencies and reduce costs.

In line with the Service Level agreement, NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. NZF Worldwide delivered Zakat consultancy to NZF UK in the Ramadan period ensuring that donors to NZF UK have calculation support in relation to their Zakat payments.

Muhammed Yesilhark was a Trustee of NZF and has a substantial interest in Shamaazi Ltd. Of £100,000 paid by NZF to Shamaazi in 2021 for featuring NZF within the 'My Ten Nights' giving app, £45,585 of outstanding services was carried out in 2023.

Income of £709,672 was received through Mercy Mission in 2023.

In 2023, total Trustee donations amounted to £4,687.50 (2022: £2,489.99).

Helping you bring Zakat to life where you live

Working towards a thriving, closer Muslim community

National Zakat Foundation

National Zakat Foundation (NZF) is a registered charity in England and Wales (1153719)

NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales - Charity number 1153719

Accounts



Impact Report

and financial statements
for the year ended
31 December 2022

National Zakat Foundation

National Zakat Foundation (NZF) Charity number: 1153719 Company number: 08536743

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This Impact report includes the Trustees' annual report as required by the SORP and a Directors' report as required by company law

Introduction from the Chief Executive and Chair

Assalamu alaikum. Peace be upon you.

As the Chair and Chief Executive of NZF, it is an honour to present this annual report. 2022 is NZF's 11th year.

By the grace of God, 2022 is the year we collected the highest amount of Zakat and helped a record number of people in our history. Over 11,700 Muslim givers trusted NZF for the distribution of their Zakat within the UK - compared to 10,400 in the previous year. Our givers provided financial support to over 17,100 Muslims in need within the UK – compared to 11,100 last year. And it has been needed. We received an unprecedented number of applications, driven by the deepening cost of living crisis and rising energy prices.

Our givers come from communities all around the UK. Muslims in need come from communities all around the UK too. Applicants include Muslim families and single parents in need. Whilst we are all affected by the cost-of-living crisis, the poorest amongst us are particularly affected by the continuously increasing food costs and fuel bills. And applicants include thousands of Muslim refugees and asylum seekers who have left difficult situations abroad – including Syria, Sudan, and Yemen - to come here.

In 2022, NZF distributed over £5.5 million of your Zakat, a huge increase from £3.8m in 2021. Through your Zakat, Muslims seeking relief from hardships, Muslims seeking support with housing, and Muslims looking to change their situation through investing in work or educational opportunities have found help from within our community. Recipients of your Zakat now feel closer to the community and stronger in faith.

International humanitarian charities continued to partner with NZF, helping their givers to support Muslims in need in the UK.

Once again, Islamic Relief trusted NZF to distribute some of their givers' Zakat. For the first time, NZF also distributed Zakat from Muslim Aid.

We continued to make improvements to our Zakat distribution service to ensure help is given effectively and efficiently to those in need. We introduced a registration process, so applicants applying to the Hardship Fund can register quickly before submitting their complete application along with all with all the required documents. Our experienced Grants Officers help applicants ensure their application accurately reflects their financial situation.

This year, we initiated a pilot program for Zakat distribution through community partners. Applicants come to local community hubs to seek the necessary support, partners help people fill in their application face-to-face and make initial checks, then NZF verifies and distributes Zakat funds. Applicants access additional services during their visit to the community hub. Initial results indicate this is a successful model for promoting community-level solidarity, ensuring recipients find a supportive community while accessing Zakat assistance. We are keen to expand this pilot in the upcoming year.



Zakat Recipient: Aliya

When Aliya suffered a miscarriage at seven months, her physical and mental health took a sharp downturn. Her husband was unable to work, and soon they didn't have enough money to pay for even the most basic of necessities. But your Zakat provided them with hope.

"I'm so grateful for the help we've received during such a difficult time. When my wife became unwell and I wasn't able to provide for her properly, it really made me depressed, but now I am more hopeful for the future. Alhamdulillah, our duas have been answered."

We have built upon Zakat education with a new focus on advocacy. This ensures that National Zakat Foundation can be a trusted voice that represents the needs, struggles and contributions of the Muslim community to inform policy and shape public opinion. Already, these efforts have enabled NZF to take part in discussions with Government including the Department for Levelling Up, Housing and Communities and the Cabinet Office.

We have strengthened our internal governance. We have enhanced the way we manage risks, reviewed the organisation with regard to diversity and inclusion, and established more regular and systematic assessments of NZF's performance through broader team involvement.

NZF has welcomed additional team members and external experts who support our work. This includes experienced Technology advisors and volunteers, supporting in an area that is increasingly crucial to NZF's success. We are happy that almost all our staff recommend NZF as a great place to work!

In the year ahead, there will be a greater focus on Zakat awareness within the community. This includes expanding community partnerships for the distribution of Zakat. We will continue to educate Muslims and others in the UK about Zakat and its importance in both faith development and redistribution of wealth. We expect to distribute more funds from Islamic Relief. We will extend our advocacy, strengthening connections with mainstream charity and local government partners. And we will improve our systems behind the scenes, including our technology, to ensure that we can offer appropriate and prompt support to our givers and our applicants.

NZF Worldwide continues to work closely with NZF UK. The countries within the NZF family are building a mutual network of support, sharing expertise in relevant areas. NZF UK plays a pivotal role within this network. We are pleased to welcome NZF New Zealand to our ever-growing global family. We look forward to welcoming NZF Germany soon.

A growing number of givers have supported more recipients in the UK and enabled us to distribute more Zakat. This is our collective achievement. We can only do this with the continued support of givers, supporters and community partners who have helped amplify our work. We resolve to continue serving our community with transparency, integrity and a commitment to excellence. We're one step closer to achieving our shared ambition: developing a thriving, closer community. Thank you.

Sincerely and with much appreciation,

Sohail Hanif
Chief Executive



Sultan Choudhury
Chair of the Board of Trustees





Zakat Recipient: Ahmed

When the cost of living crisis hit Imran and his family hard, he couldn't see an end in sight, and was forced to borrow money from his family and friends. As his debt increased, so too did his anxiety, and it took a huge toll on his mental health.

Your Zakat gave him the relief he needed so that he could be there for his family again.

Section 1

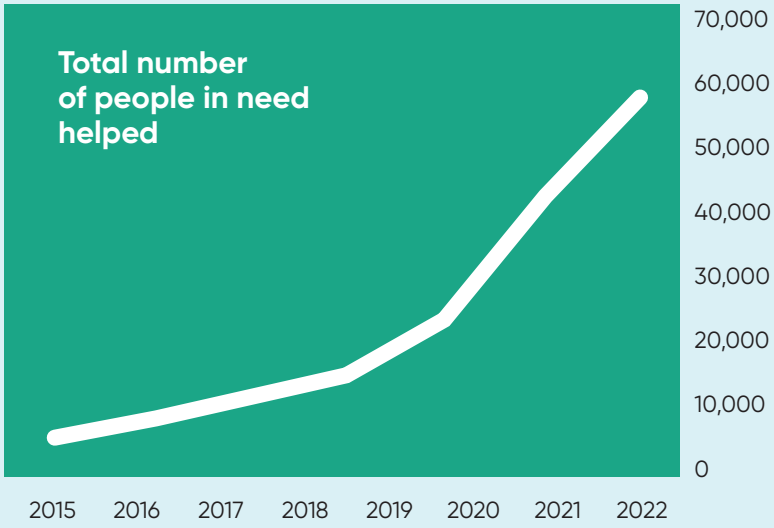
Impact report

Impact at a glance

Since NZF began, 11 years ago:

Givers have supported
over 59,000 people

Total Zakat distributed
£31.7 million



The impact of your Zakat in building a thriving, closer Muslim community[1]

Has the help from NZF made you feel closer to the Muslim community?

Zakat recipients rated the impact on average 4.82 out of 5 –
that's 96%!

Has the help from NZF increased your faith?

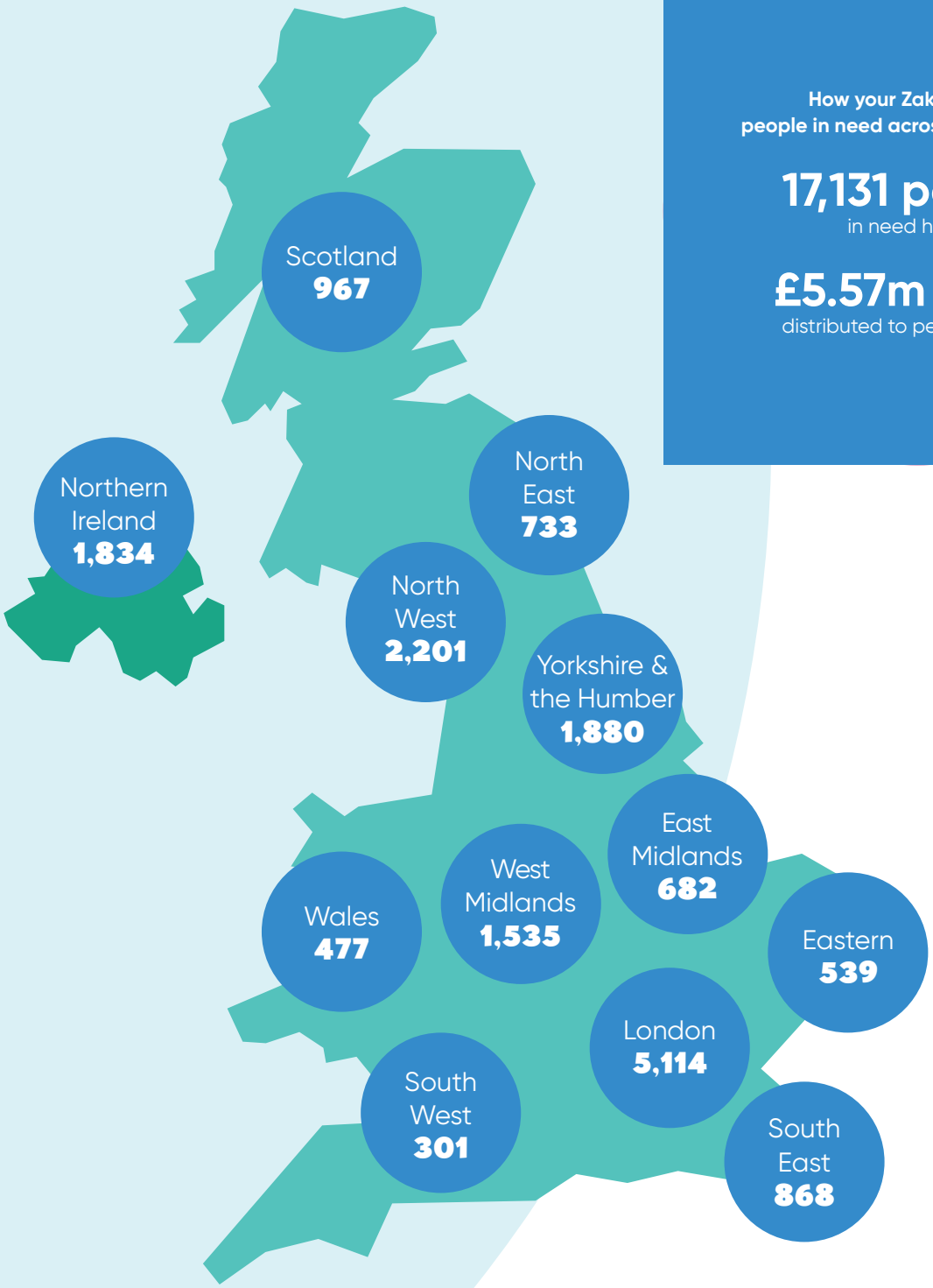
Zakat recipients rated the impact on average 4.78 out of 5 –
that's 96%!

Has the money we gave helped you to get your finances back on track?

Zakat recipients rated the help on average 4.28 out of 5 –
that's 86%!

1 NZF asks feedback from recipients 3 months after they have received the cash transfer to understand the impact. We use emojis to help recipients with language and literacy barriers respond to questions with ease. Recipients rate each question out of 5.

In 2022: number of people in need helped



How your Zakat helped people in need across the UK in 2022:

17,131 people
in need helped

£5.57m Zakat
distributed to people in need

Impact at a glance
continued

You gave help in these areas

Hardship Relief

Grants for vulnerable Muslims who are unable to pay for basic living costs.

Housing & Work

Support to live in affordable liveable and safe accommodation.

Support for people on low or no income to get qualifications for work to increase their earning potential.

Education

Grants for education and training to help Muslims better serve Islam and Muslims in the UK.

How you've helped in 2022, by fund

	People in need you've helped, by fund		Your Zakat distributed, by fund	
	No. of people	%	£	%
Hardship Fund	14,675	86%	£3.8m	68%
Housing & Work Fund	2,350	14%	£1.2m	20%
Education Fund	106	less than 1%	£0.5m	12%
Total	**17,131**	**100%**	**£5.5m**	**100%**

How people accessed NZF Zakat education services in 2022

2,000+
attendees at Zakat Masterclasses

410
personal Zakat consultations conducted

575
calculation queries answered

172,664
number of times knowledge bank accessed

39,746
number of times online calculator accessed

We use all Zakat for charitable activity.

We do not use Zakat to raise funds or for core costs.

How much of your Zakat is spent on getting it to those in need?

For every £1 of Zakat given, it costs 10p to check applicants and get it to an eligible recipient. Givers choose how to cover this cost.

22% chose to pay extra, so all their Zakat went directly to a recipient.



78% covered their distribution cost through the Zakat they gave.





About us

The challenge

Those who are geographically nearest to us have a special right on us. Zakat is not simply charity, rather Zakat is an institution. It reminds Muslims they are one family, one ummah. Zakat is meant to build real connections in communities, so no-one feels alone or disconnected wherever there is a group of believers. This emphasis of caring for those near us through our Zakat is agreed upon by all schools of law - they differ only in whether they consider this an obligation or a Sunnah.

Yet despite this, most of the Zakat given by UK Muslims is sent abroad to support Muslims overseas. We are not investing enough in our UK Muslim community to address the multiple challenges we face. Two-thirds of Muslims in England and Wales live in areas with high unemployment[2]. Almost half of all Muslims in the UK are living in poverty[3] - that's more than twice the national average of 20%. The pandemic and cost of living crisis have exacerbated existing inequalities: one impact of COVID-19 has been an increase in mental health issues for low-income families[4]; and the poorest tenth of households had an effective inflation rate of 12.5% in 2022 compared to 9.6% for the richest tenth[5].

The solution

Zakat given within the UK enables Muslims in need in the UK to regain stability. Zakat also helps those in financial need who are working hard to uplift the community to access training and education. The result of these individual and collective efforts is a thriving, closer Muslim community.

Another challenge

Individual Zakat givers often find it hard to get their Zakat directly to support people in need in the community.

Another solution

Zakat givers need a trusted way to be able to get their Zakat directly to people in need in the UK.

What NZF does

NZF enables Zakat givers to give their Zakat validly, effectively, and respectfully to eligible Muslims in need in the UK, for short-term financial support and/or for longer-term investment in their future. We emphasise the positive impact of Zakat on community well-being and encourage others to advocate too. We apply our values in all that we do.

NZF is committed to listen to our givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. We offer Zakat givers the freedom to choose the specific fund(s) to allocate their individual Zakat, whether they wish to allocate a portion of their Zakat to cover expenses related to disbursing it to eligible recipients. We meticulously review policies, ensuring endorsement and certification by scholars and make this certification available on the website.

What's our purpose?

Our purpose is to enable givers to bring Zakat to life where they live, to achieve a thriving, closer Muslim community in the UK.

2. https://www.theguardian.com/world/2023/mar/24/two-thirds-muslims-england-wales-areas-high-unemployment
3. Social Mobility Commission. The Social Mobility Challenges Faced by Young Muslims Stevenson J, Demack S, Stiell B, Abdi M, Clarkson L, Sheffield Hallam university. (Sept 2017)
4. Child Poverty Action Group
5. Resolution Foundation (Nov 2022)

What are our values?

We adhere to four key values:

- **We are pioneering:** We create positive change. We've built the only UK network that connects Muslims through Zakat. This is helping change the lives of Muslims across the country and is creating a thriving, closer Muslim community.
- **We are faithful:** We unite our faith with times. We offer a dynamic way to give Zakat, firmly rooted in our faith. We want to make sure every Muslim who can give Zakat does so in a way that meets the requirements of our faith.
- **We are purposeful:** We care, so we act. We ensure Muslims can give Zakat easily and effectively in the UK. We use Zakat to give the most vulnerable and disadvantaged people in our community the help they need and make sure Muslims with the potential to propel the community forward are not held back by financial circumstances.
- **We are meticulous:** The details matter to us. Our platform hands control to the giver. At the same time, we carefully ensure that Zakat goes to those who should receive it. We care deeply about every penny of Zakat we handle, and who it goes to. Our processes are thorough, and we openly communicate our decisions.

How do we help? Our charitable activity

Our charitable activities include:

1. **Hardship Relief Fund:** Help Muslims get through difficult situations by giving them urgent funds to cover essentials such as food and clothing.
2. **Housing & Work Fund:** Help Muslims get back on their feet with affordable accommodation and the work skills to find a job and sustain themselves and their families.
3. **Education Fund:** Help strengthen the community by investing in educating and developing Zakat-eligible Muslim scholars and other community champions.
4. **Zakat Awareness, Education and Calculation:** To help people understand Zakat and its purpose; and to help givers calculate the right amount of Zakat.



Rizvan Khalid, Trustee, Euro Quality Foundation (corporate foundation of Euro Quality Lambs)

"We cannot recommend NZF enough."

How our givers helped people in need

1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship, providing funds to cover basic essentials, to help them get out of a rough patch.

We give a grant to help cover the costs of food, clothing, and small debts. Often, this support is what's needed to get them through a moment of urgent need so they can regain peace of mind and start to get their lives back on track.

Who Zakat givers helped

In 2022, Zakat givers supported 14,670 people in need across the UK through NZF's Hardship Relief Fund (up from 9,444 people in 2021). This fund accounted for 86% of the total Zakat distributed in 2022.

Zakat provided support to refugees and asylum seekers, individuals affected by domestic abuse, those experiencing homelessness and those struggling as a result of unemployment or low-wage employment.

In late 2022, Islamic Relief asked NZF to distribute an additional £300,000 of Zakat given through them to Muslims in need in the UK. NZF received these funds in early 2023. This will be the third time Islamic Relief has partnered with NZF, as part of their strategy to support local Muslims in the UK.

Zakat Charity Partners

"The NZF hardship fund is an essential lifeline and provides an immediate helping hand to the most vulnerable families on home ground. Islamic Relief UK is proud to partner with NZF."
Tufail Hussain, Director of Islamic Relief UK



"We are proud to partner with NZF to ensure that help gets to those individuals and families who need it most."
Kashif Shabir, CEO, Muslim Aid.

In 2022, Muslim Aid approached NZF for Zakat distribution for the first time.

The impact of Zakat givers' support

The Hardship Relief Fund has achieved the following:

- helped Muslims in need through their immediate financial distress;
- dedicated support, so individuals feel more confident about their financial circumstances in the future;
- helped individuals feel like they belong to a caring and supportive community.

And Muslims we've supported have often reported a direct and beneficial impact on their faith.

(Note: to protect the identity of Zakat recipients, names have been changed in many of the real-life stories)



Hardship Relief recipient: Zaynab

Zaynab was just 12 years old when she fell victim to modern slavery. They forced her to unlawfully claim benefits which resulted in her imprisonment when she turned 18 years old. Once released by the court, as a single mother with deep emotional scars, it was difficult for Zaynab to make ends meet. The added cost of trying to restore her children's British citizenship, which the authorities had removed, made her situation even more pressing. When NZF helped her purchase much-needed essentials for her children, Zaynab was relieved. "After so long, I finally feel less alone. Alhamdulillah, I'm deeply grateful for your support, which will enable me to save money for my eldest daughter's British citizenship so she can pursue further education insha'Allah. Thank you so much for being there for us."



Community Support Grants

In 2022, NZF initiated a trial of Community Support Grants. Local individuals in need applied for help at community organisations, NZF reviewed their initial application assessment, and then the community organisations distributed Zakat funds from NZF. The aim was to empower organisations to serve Muslims in their communities through Zakat and to increase NZF's presence and reach in local communities for givers and recipients, to help develop a thriving, closer community. In 2022, 630 people were helped, with grants totalling £65,100.

In one community organisation, Barking Muslim Association, services had suspended because of Covid-19. The availability of the cash grant increased the number of visitors. The opportunity for individual assessment is allowing the mosque to invite applicants to other relevant services and to design appropriate support services based on their feedback.

Zakat community partner:
Horn of Africa Peoples Aid Northern Ireland

"National Zakat Foundation's work is invaluable to many who would otherwise be utterly destitute in the UK, due to poverty and legal barriers in the labour market."

Suleiman Abdulahi, Director and Founder

2. Housing & Work Fund

The Housing Fund gives grants to help Muslims in the UK who need support and require assistance in securing affordable, liveable, and safe housing. The Work Fund gives grants to help Muslims in the UK who are facing unemployment or low income to get a job and increase their incomes. From 2023, the Work Fund will be combined with the Education Fund, as they both help Muslims invest in their future.

Who Zakat givers helped

In 2022, Zakat givers supported 2,350 people in need across the UK through NZF's Housing & Work Fund (compared to 1,457 in 2021). This fund accounted for 14% of the total Zakat distributed in 2022.

Zakat supported those struggling due to unemployment or low paid work who could not afford the costs for which they were applying for help.

The impact of Zakat givers' support

The Housing & Work fund has achieved the following:

- Enabled Muslims to access both safe and affordable housing, and employment opportunities
- Offered dedicated support, so individuals feel more confident about their future financial circumstances;
- Helped individuals feel like they belong to a caring and supportive community.





Housing Fund and Work Fund recipient: Fatima

Fatima, living in the UK and bringing up her children alone said: "I was struggling to pay my bills, like council tax, water, and a universal credit loan. And that's before things I really needed, like clothes for my baby". When she applied for Zakat, everything changed. A grant from the Housing Fund meant she could furnish her bare flat with essentials such as a bed, fridge, and washing machine. And Zakat wasn't just here for her needs today, but for a better future too. Through the NZF Work fund, Fatima has been able to join a one-year course in Education Practice, which will qualify her for a secure and better-paid job in the future.

How our givers helped people in need continued

Work partnerships

NZF, in partnership with the Bradford Foundation Trust and Bradford University, piloted 'New Dawn' - a project supporting vulnerable Muslim refugees with grants to enable them to flourish as entrepreneurs as part of the Work Fund.

Refugees funded included Yannick for a Martial Arts Academy focused on women and young children, and Waelaa, for a mobile alterations business.

The impact of your Zakat on refugee entrepreneurs, Zakat Work Fund recipients

"It's great to see such an initiative in Bradford. New Dawn epitomises what Bradford as a city is about, it's a city of business, and a city of a culture that supports entrepreneurs, business start-ups and those who come to our city and are starting new lives while seeking refuge."

Rt. Hon Naz Shah MP. Member of Parliament for Bradford West

Other grassroots organisations who have a strong track record of working with and for their local Muslim communities have expressed an interest in expanding this project.

NZF partnered with Muslamic Makers to finance coding training for four Zakat-eligible Muslims to help them develop in the Technology Sector.

The impact of your Zakat on those entering tech, Zakat Work Fund recipients

"Omar Malik, a recipient of the coding training, said: 'The Muslamic Makers and the NZF team succeeded in providing me with the opportunity to benefit from tech, so may Allah help me to do the same thing and more for others, Ameen.'"





Work Zakat recipient: Abbas

Abbas was a practising doctor in Libya before the conflict broke out. When he fled to the UK, he had to rebuild his life and retrain as a doctor – but the fees were unmanageable. NZF agreed to pay towards his training and related costs. "I ask that God accepts this as an ongoing charity for every Zakat payer who helped make this possible. Your Zakat has helped me become self-sufficient again, and it will continue to support every patient I see until the day I retire."

3. Education Fund

The Education Fund gives individual grants for education and training to Zakat-eligible Muslims who can demonstrate a high level of commitment to community service. This aids them to better serve Islam and Muslims in the UK. Zakat-eligible applicants are supported with vocational training courses, postgraduate academic courses, and/or educational resources.

Who Zakat givers helped

In 2022, Zakat givers supported 106 people in need across the UK through NZF's Education Fund (compared to 211 last year). This fund accounted for 12% of all Zakat distributed in 2022.

Zakat supported those actively working to serve the community, who were eligible to receive Zakat and could not afford the education and training costs for which they were applying for help.

The impact of Zakat givers' support

The Education Fund has achieved the following:

- Enabled Zakat-eligible Muslims to access education and training;
- Offered dedicated support so individuals can build capacity in UK Muslims to serve Islam and their communities;
- Helped Zakat-eligible Muslims feel like they belong to a caring and supportive community.



The service we provide

We provide a comprehensive service that benefits both the giver and the recipient. The process is:

Calculate:

We help Zakat givers to work out how much Zakat they need to give based on their financial situation. We do this through a variety of calculation services including our easy-to-use online calculator, a historical Nisab calculator, one-to-one consultations with Zakat experts, responses to individual queries through dedicated email support from a Scholar, online webinars, a constantly updated knowledge bank and Zakat guides.

Give:

Zakat givers choose where they would like their Zakat to be allocated at the time of payment. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing & Work and Education. Zakat givers also choose whether they would like to cover the Zakat distribution service (of checking and verification of people applying for funds) from their Zakat or through additional sadaqah. We don't use Zakat for core costs or fundraising.

Givers can choose to write messages for recipients.

> "You are loved and never alone. May you continue to be blessed & protected eternally insha'Allah."
>
> **Message to recipient from Talha, giver**

We offer numerous methods for givers to pay Zakat. Our integrated PayPal payment gateway accounts for 18% of all payments. Givers also give through Apple Pay, Google Pay and Cryptocurrency.

Distribute:

Apply: Individuals in need of Zakat apply to NZF online for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process. Potential applicants can complete an online self-assessment tool to quickly check if they meet the eligibility criteria, before completing the full application. This saves applicant and grants officer time for applications that do not meet our eligibility criteria.

Check: The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat. In 2022, we improved efficiency in the verification process for applicants using up-to-date and more robust financial checks for applicants via open banking, and tighter fraud security, including automated checks on applicant ID.

Decide: Our Grants Officers then work with applicants on a personal level to ensure they receive the appropriate support. They aim to get back to applicants as quickly as possible with a decision.

Support: For recipients of a Hardship Relief Grant, Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible, or for collection from the national network of Post Offices. Where that is not possible, we send support in the form of digital supermarket vouchers. For recipients of a Housing Grant, we work with a partner to deliver basic furniture, a fridge and a cooker where this is needed. For recipients of Work or Education Grants, Grants Officers offer funding for training and education to support applicants get into work and serve their communities.

Mufti Amjad, External Shariah and Quality Auditor



"I am satisfied NZF's published Zakat policy is sound and in accordance with Islamic Sacred Law. I am satisfied that NZF's Zakat procedures and practices are sound and in accordance with Islamic Sacred Law. I am satisfied that there is a strong commitment in the organisation to continually improve in the quality of its processes."

In addition, for all funds, Grants Officers direct applicants to any additional funding or help they might be eligible to access.

The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations that provide support and funding to people in need. Staff have attended fraud training. A Senior Grants Officer conducts regular internal audits ensuring quality is maintained. A dedicated team member supports applicants with their queries.

NZF's Zakat policies and processes are endorsed and certified as sound by UK Markaz al-Ifta' wa'l-Qada' (UK Center for Fatwa and Judicial Decision). Mufti Amjad is NZF's External Shariah and Quality Auditor.

Track:

Live maps on our website show where Zakat has been received from and distributed to across the UK. We send a personalized email notification to Zakat givers when their Zakat has been distributed to those who need it.

Zakat Awareness, Education, and Calculation:

We continued to provide Zakat awareness, education and calculation services to UK Zakat givers and the wider public in 2022. This is funded by voluntary income (Sadaqah).

These services:

- improve understanding of how to calculate Zakat.
- increase understanding of the need for Zakat in the UK.
- spread knowledge about the spiritual and societal significance and impact of Zakat.

The service we provide to givers

Givers can access a historical Nisab calculator that records prices of gold and silver back to the year 2000, allowing people to accurately calculate missed Zakat over the last 21 years.

Givers can save their Zakat calculation progress and return to it at any time.

Our calculator was integrated into the apps of pioneering Muslim Fintech projects Kestrl and Minted.

We ensured that Zakat givers had numerous resources to help them pay the correct amount of Zakat, including workshops, online content, publications, and one-to-one support. NZF offered Zakat Masterclasses. We provided prompt email access to our scholars. We offered personal Zakat consultations with our scholars, to ensure Zakat givers correctly calculated and paid Zakat due this year as well as any Zakat they may have missed over the years.

We have built on giver Zakat education with a new focus on advocacy. NZF has begun to represent the needs, struggles and contributions of the Muslim community to inform policy and public opinion.

The impact of our service

In 2022, the Zakat calculator was accessed nearly 40,000 times (2021: 38,000).

NZF's online Knowledge Bank articles received 173,000 hits (2021: 155,000). Over 2,000 attendees (2021: 1000) attended NZF Zakat Masterclasses.

NZF responded to 575 individual calculation queries (2021: 789) and conducted 410 personal Zakat consultations over the phone (2021: 531).

Initial advocacy efforts have already had multiple successes. NZF has taken part in discussions with Government including the Department for Levelling Up, Housing and Communities and the Cabinet Office. This collaboration resulted in working with the Money and Pensions Service to add Zakat obligations to their income and expense checklist. NZF was included as a supporter of The Money Saving Expert's campaign on the cost of living. We have established partnerships with the Joseph Rowntree Foundation and Trussell Trust for their 'Basic Essentials' campaign.

> "I love how it easy it is and transparent NZF are in showing impact of Zakat on people's lives. Very few people are doing this!"
>
> **Zakat Giver: Ahmed**

How we raised and spent funds

Income:

Our funds are comprised of Zakat from individuals and businesses, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah contributions), institutional grants and Gift Aid.

In 2022, total voluntary income of £7,777,280 was generated (2021: £6,275,347). Total expenditure amounted to £7,540,986 (2021: £5,688,088). Net incoming resources of £236,294 were recorded in 2022 (2021 net incoming resources: £587,259).

The main source of our income was Zakat, amounting to £6,174,866 (2021: £4,686,166). Most Zakat givers made one-off payments rather than regular contributions. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means there is intentionally often a large gap in timing between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat to individuals in need within a lunar year (approximately 11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within a period of five to six months.

Despite the cost-of-living crisis affecting givers, in 2022 we exceeded the Zakat income level achieved in 2021 by over 30%. The increase in 2022 reflects a growing individual donor base, growing by 12% from 10,418 to 11,700 givers.

Partnerships with NZF are increasingly an attractive proposition for international charities due to the efficiency, reach and expertise NZF offers in delivering Zakat to those in need in the UK. Islamic Relief contributed £100,000 in Zakat funds during 2022 for NZF to distribute in the UK in 2022 (2021: nil, 2020: £350,000).

For the first time, Muslim Aid contributed funds for distribution through NZF, contributing £100,000 in 2022. Islamic Relief has committed to providing significant additional Zakat funds for distribution in 2023.

Givers continued to have the option to choose which funds their Zakat supports. Givers also choose whether the cost of their distribution service will be covered by a proportion of their Zakat or whether they will make an additional contribution for this service.

Throughout the year, we continued to raise Sadaqah funds to support the work of the organisation – this made a vital contribution towards enabling NZF to grow and achieve our vision. We received £528,637 (2021: £662,832) of unrestricted Sadaqah funds during the year which, along with £874,928 (2021: £794,990) in Gift Aid, was critical in covering the core costs of the charity and to raise funds. NZF received £74,430 (2021: £73,514) in Riba also used for core costs. The In-Kind Donation of £45,500 represents the value of voluntary time contributed towards the work of NZF and is recognised within this year's financial accounts. (2021: £52,500, acknowledged but not recognised within the accounts.



Expenditure:

We continue to consult and listen to our givers. We distribute donations to people applying to funds in line with what givers ask for at the time of donating. All Zakat grants were given to eligible individuals in need who applied to a specific Zakat fund. Applicants were able to apply to one or more of the following funds: Hardship Relief, Housing, Work, and Education.

Of the £5,537,975 (2021: £3,830,183) of Zakat/ Zakat ul Fitr grants we distributed in 2022: 67% or £3,716,131 (including 100% of the Zakat ul Fitr grant) were distributed directly to eligible people in need by the Hardship Relief Fund (2021: 68%); 23% or £1,270,424 by the Housing & Work Fund (2021: 20%); and 9% or £515,382 by the Education Fund (2021: 12%). All unspent funds from 2021 were carried over and spent in the early part of 2022. The Housing and Work Fund resulted in a deficit in 2022 in the Statement of Financial Activities as the distribution of 2021 funds were also included in the distribution of £1,270,424.

The total direct charitable expenditure amounted to £1,163,800 (2021: £1,239,832). The majority of this expenditure was for the distribution service, which verifies that Muslims applying for help are genuinely in need and takes great care to deliver Zakat directly to them.. Costs are covered by Zakat and Sadaqah funds. Each Zakat giver gave 10% of the value of their giving to contribute to the costs of their distribution service, choosing for this contribution to come either from Zakat or Sadaqah. The remainder of the charitable expenditure is allocated to Zakat education, and Calculation, funded by Sadaqah.

We incurred support and governance costs of £212,306 in 2022 (2021: £154,843). Support and governance costs accounted for 2.8% (2021: 2.7%) of total spending. With a fully remote workforce and no physical office, we continued to save on rent and related utility costs. Governance costs relate to audit fees, professional fees, license fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no Trustees received any remuneration.

The cost of fundraising amounted to an additional 8.5% (2021: 8.3%) of total spending, covered entirely by Sadaqah and Gift Aid funds. This is lower than average for charities of this size.

The capital expenditure for implementing a new CRM to improve the experience for Zakat givers, other donors, applicants, and all other users is now planned for 2023.

Cash Reserves:

Almost all cash deposits are for Grant expenditure. There was a significant reduction in cash deposits at the end of December 2022 compared to 2021. We faced an increased demand from applicants so it is necessary to maintain higher liquidity to to facilitate quicker distribution.

Our cash reserves for Zakat grants at the end of December 2022 remained sufficiently high to enable sufficient distribution of Zakat to people in need until Ramadan 2023, when we anticipate many givers will give further Zakat.

Our non-grant reserves exceeded expectations, due to a delayed investment in IT projects.





Thank you

Zakat givers, organisations, and partners have enabled NZF to support many people in hardship including emerging religious leaders and other community champions who are eligible to receive Zakat.

Recipients who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible, the Zakat givers who have chosen to give through NZF.

On behalf of all recipients and from us at NZF, thank you.

Individuals, organisations, agencies, community groups, and mosques have helped those in need to access our services through signposting and by submitting applications on their behalf.

In addition, our work is strengthened by partnerships.

We look forward to building upon existing relationships and forging new ones in 2023 and beyond.

Together, we have helped Muslim recipients get their finances back on track, feel closer to the Muslim community, and strengthen their faith.



Our supporter community

Thank you to all our supporters, referrers, and partners. Including, but not limited to:

Hardship Relief Fund
As-Suffa Trust
Barking Muslim Association
British Red Cross
Bradford Foundation Trust
Debt Advice Hub
Horn of Africa Peoples Aid Northern Ireland (HAPANI)
Northern Ireland Somani Association (NISA)
Post Office
Hestia
Unity Centre, Glasgow
Muslim Women's Network

Housing Fund
C Supplies
Greater Change
Abigail Housing

Work Fund
Barnardo's (Northern Ireland Refugee Employment Support Service)
Breaking Barriers
Chromium Group of Companies Limited
House of Hope
LabMedExpert
Muslamic Matters
Mercy Mission
North London Dental Clinic
Rio Training Academy
Securtiy Training Solution
Association of Muslim Schools
Refugee Council

Education Fund
Al-Salaam Institute
Cambridge Muslim College (CMC)
Common Purpose
Greater Manchester Football Club (GMFC)
Markfield Institute of Higher Education (MIHE)
New Citizens' Gateway
Stephen Maynard Islamic Counselling

Advocacy Partners
Money Saving Expert
Trussell Trust
Joseph Rowntree Foundation
Pro Bono Economics
Community Policy Forum
Foot Ansley LLP
Money and Pensions Service

Fundraising and other supporters
Amaliah
Amanah Advisors
Emerald Network
Islamic Finance Guru
Inspire FM
Islamic Impressions
Kestrl
Minted
Qardus
Association of Muslim Lawyers
British Islamic Medical Association
Muslim Doctors Association
CUBE Network
Deutsche Bank Muslim Network
BDO Muslim Network
Deloitte Muslim Network

Fundraising and other supporters continued
Ernst & Young Muslim Network
Bank of England Muslim Network
KPMG Muslim Network
Transport for London Muslim Network
Al Falah Mosque, Ilford
Cambridge Central Mosque
East London Mosque
Streatham Mosque
New Malden Masjid

Funders
Islamic Relief
Muslim Aid
Euro Quality Foundation
Zouk Foundation



Bringing Zakat to life in 2023 and beyond

It remains our commitment to uphold Zakat, the third pillar of Islam, for our community. We strive to provide a service to connect UK Zakat givers with UK Zakat recipients, a service both grounded in our faith and that adapts to changes in the environment, a service to create a thriving, closer community.

Our Chief Executive will lead on the implementation of strategic initiatives. The first initiative is to enable Zakat to be distributed effectively at community level, in order to improve applicant accessibility to Zakat grants and embed Zakat within the community. NZF will explore expanding the piloted model of distribution through existing charities working at the heart of local Muslim communities. This could include mosques, community centres and food banks. By working alongside grassroots organisations who already have recipients in need within their communities, NZF will provide these organisations with a supplementary service to enable them to offer financial help to Muslims quickly and with dignity.

Another initiative is for others to advocate for community-level Zakat, to help more people understand Zakat and its community-centred purpose. We'll continue to raise awareness, educate and inform about Zakat across the country, providing online resources, consultation services and webinars. We'll also work with a range of networks and organisations to spread knowledge about Zakat even further.

Thirdly, we will develop NZF as a UK thought leader for Zakat and UK Muslim economic welfare. We will extend our advocacy, strengthening connections with mainstream charity and local government partners.

In addition, we will explore how to make a step-change in scaling up the service we offer to applicants. NZF continues to receive ever-higher volumes of applications from people in need. The UK is gripped in a cost-of-living crisis with high inflation, high energy costs and reductions in benefits, which has disproportionately impacted the Muslim community.

In 2023, we will move forward with updating our Customer Relationship Management system (CRM) to improve the experience for givers and recipients. This large-scale transformation project will deliver better technological support for the smooth functioning of all aspects of the organisation. We will take advice from technology experts and benefit from the expertise of a dedicated CRM project manager.



Income in 2023 is uncertain, given the impact of the cost-of-living crisis. NZF is working towards establishing sustainable income sources for both Zakat grants and the cost of support and governance, which are essential to maintain exemplary governance. In addition to renewing funding partnerships with other charities and foundations, including Islamic Relief and Euro Quality Foundation, NZF will actively seek out new partnerships with other charities.

We'll continue to work with in-house and independent Islamic scholars, experts, and practitioners to refine our Zakat policies and processes, which are both rooted in our faith and relevant to our time and place. Our Zakat policy has been developed by Mufti Faraz Adam. Our approach is certified as legally compliant by Mufti Amjad Mohammed, who is an external Shariah and Quality Auditor on behalf of Markaz al-Ifta' wa'l-Qada'.

We'll continue to improve how we inform you about the impact of your giving. Our live maps continue to show where Zakat has been received from and distributed to across the UK. We'll send out a personal email to let you know when your Zakat has been distributed to those who need it. We'll draw on support from Pro-Bono Economics to measure the overall financial impact of your cash giving.

We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

And we'll continue to adhere to our values: being pioneering, faithful, purposeful and meticulous in all that we do.



Section 2

How we operate

Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement

We do this through:

Employee engagement surveys

Our employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2022, 95% of participating employees agreed or strongly agreed that "the mission of NZF inspires" them. Employees know they can give feedback or put forward ideas at any time and we have formal and informal mechanisms in place to facilitate this.

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Safeguarding Policy and Code of Conduct reflecting this and we train the team regularly on safeguarding. We thoroughly reviewed and updated our policy in 2022. We have made public our Safeguarding commitment.

We have zero tolerance for harassment, bullying, or exploitation in any form.

Equal opportunities and diversity

We have an Equality and Diversity policy to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge, and experience to help us achieve our mission.

We encourage employees to develop within National Zakat Foundation to align with their circumstances and aspirations. We support flexible working practices wherever possible.

We strive for continuous improvement. In 2022, we formed a Diversity Working Group with participants from a variety of backgrounds and positions within the organisation. The group helped the Board assess diversity at NZF from the perspective of staff, givers and recipients. The group found the team has a positive balance of gender, social mobility range, and the lived experience of being recipients and givers and of the charity sector. The gender pay gap was analysed and shared with the Board – no concerns were identified.

Employees' remuneration

The Board determines the salary for the Chief Executive. The Board approves the principles for salaries of all employees.

The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. There were significant changes in Key Management Personnel in 2022. From September 2022, the role of Director of Operations was removed, and from October 2022 the role of Director of Services was removed. From September 2022, the role of Chief Operating Officer (COO) was introduced, encompassing senior oversight of both Services and Operations. During 2022, the Key Management Personnel of the charity therefore comprised the CEO, COO, Director of Services, Director of Operations, and the Director of Communications.

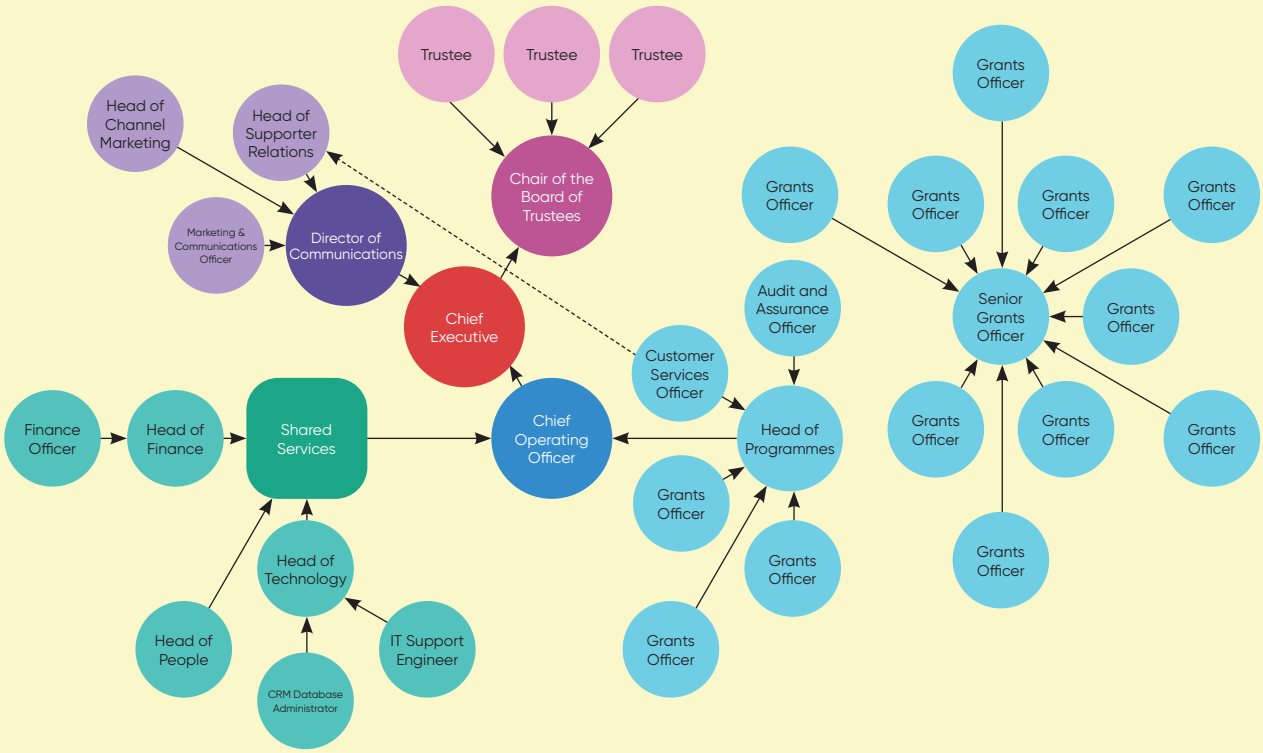
We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. We are currently reviewing the way we set salaries to ensure consistency and fairness. Salaries are reviewed shortly after Ramadan each year. Any salary changes take effect from the following month.



Technology Volunteer: Abu Leila

"I am impressed with the selfless and tireless dedication of NZF staff to ensure donations get to the most needy in an efficient, timely, and auditable way. We will continue to push the frontiers of innovation to help Muslims in Britain fulfil their Zakat obligations in a way that pleases Allah (swt)"

Our organisational structure



Employee benefits are considered appropriate to ensure the calibre of team, given the growing demands on and consequent size of NZF. We recognise that NZF is a charity that exists primarily for the benefit of recipients and givers. These benefits include optional salary sacrifice and basic healthcare schemes.

We have a comprehensive people system for managing the team, providing access to unlimited professional HR advice.

Use of volunteers

Volunteers are a valued resource in our work. In 2022, we had a total of four volunteers.

Volunteers have been involved in two areas: contributing professional services and raising awareness efforts.

In 2022, four professionals within the technology, governance, and data protection sectors contributed their time and professional services on a pro bono or reduced cost basis.

The total value of services given in kind is approximately £45,500. This is reflected in the financial statements.

We have supporters across the country who help communicate the work of NZF. Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events, or facilitating Zakat workshops/ seminars locally.

We're grateful for the level of support we have received from volunteers in achieving NZF's vision.

How we manage the money givers trust us with

Managing risk

The Trustees assess all significant risks faced by the charity and review the systems and procedures in place to manage those risks. The charity has implemented a Serious Incident policy and ensures that employees and Trustees receive training on compliance with the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2022, the Board established a dedicated Risk Management Committee to enhance the focus on risk management. "In 2022, the Risk Management Policy underwent significant updates, and all team members in middle management and above were responsible for developing and maintaining their own risk register.

The most significant risks are:

Financial: the possibility of inadequate funds being generated to cover the expenses associated with providing grants to those in need, as well as the organisation's core costs and fundraising expenses.
This would impact NZF's capacity to meet the needs of eligible UK Zakat recipients and to expand its operations.

The risk of insufficiently covering the expenses related to the distribution service, which involves reviewing applications and delivering Zakat to those in need, is mitigated by ensuring that each giver covers the direct cost of delivering their Zakat to recipients, either through their Zakat or an additional Sadaqah donation.

Historically, sufficient funds including Gift Aid have been generated to cover core costs of operations and the cost of raising funds. The risk of inadequate coverage for the organisation's core costs and fundraising expenses is mitigated by the recent appointment of a skilled Head of Fundraising and Community Engagement.

The organisation's strategy and its key components, such as budgetary review, cash resources, and cashflow forecasting, undergo regular review by the management, Finance and Audit Committee, and the Board. This process is supported by operational updates and key performance indicators.

Independent Risk Analyst: Ruhall

"I trust them completely."

People: the risk of insufficient leadership expertise.

Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development. We have implemented staff training programmes. We have added new senior roles. We have addressed experience gaps by engaging external advisors. We have conducted a compensation review to align it with industry standards for skilled employees.

Technology: the risk of key IT system or infrastructure failure. This could lead to data loss, operational disruption, or regulatory non-compliance.

We mitigate this risk by implementing operational systems, controls, and continuous improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include implementing approved comprehensive IT policies and procedures to protect data and prevent breaches. Other mitigating actions include continuous enhancements to NZF's technological capabilities, such as the CRM system upgrade, supported by external advisors and a dedicated CRM project manager. This area is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF has cyber insurance to mitigate the impact of the risk.

Reputation and GDPR: the risk of incidents that harm the organisation's reputation or disrupt operations.

This includes recipients of Zakat grants, suppliers and GDPR breaches.

We thoroughly evaluate recipients of Zakat grants to verify eligibility and assess potential impact, considering the size of the grant. We conduct careful assessments of suppliers to ensure their viability, low-risk profile, and ability to deliver quality work. We involve the Board where financial amounts are significant. We have implemented GDPR-compliant systems that surpass the minimum requirements and conduct annual GDPR assessments. We have an external GDPR Advisor.

Safeguarding: The risk that people who encounter the charity are not protected from harm.

We mitigate this risk by implementing a safeguarding policy and providing training to both employees and rustees, reinforcing a culture of safety and best practices. We thoroughly reviewed and updated our policy in 2022. We will maintain safe environments, promote reporting of any concerns, and take prompt and consistent action.

Our approach to operations

We have made continuous improvement in the use of our Customer Relationship Management (CRM) system for applicants' and payers' records.
We have further integrated the use of our Accounting System, Accounts IQ.

Our public fundraising approach

Almost all our funds come from the public, and our goal is to ensure we raise funds in a respectful and compelling manner that aligns with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We are committed to diligently complying with the Code of Fundraising Practice.

The Director of Communications oversees the majority of income-generation activities, with guidance and monitoring from the CEO, and overall supervision from the Board members. The charity's employees and consultants carry out fundraising activities for the charity. In 2022, we did not use professional fundraisers.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year with their consent. Those who make these calls are obligated to do so respectfully and in compliance with our standards and sector regulations.

We are confident that our processes and controls safeguard vulnerable individuals and the public from unreasonable intrusions on privacy. Our fundraising activities are conducted in a manner that avoids undue persistence or pressure on individuals to contribute financially or otherwise.

We actively encourage supporters to contact us with any feedback. We have not received any complaints related to fundraising activities during this financial period. We have established procedures to address any complaints received, and these procedures are publicly accessible on our website.

Charity Clarity reviewed NZF for how it is run and awarded a rating of 3.65/5. Charity Clarity provides robust independent rating and assessment of charities. Average rating of charities on their website is 2.92. Average rating of Muslim charities selected by Charity Clarity as comparable to NZF is 3.24.

https://www.charityclarity.org.uk/charities/national-zakat-foundation/.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data that they collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing and supporter data privacy, consent and preference management. We hold an annual GDPR review.

We consider that every member of staff has a role to play, and we have regular training to ensure we're all familiar and compliant with the new requirements.



How we are governed

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company. In 2020, the Board refreshed the Articles of Association to ensure the charitable objectives and Trustee powers were up-to-date.

The Board is currently comprises of four members. The Trustees, who served during the period and until the date of this report, are listed on page 38.

The Board meets a minimum four times a year.

In addition, the Board has a Finance and Audit Committee (FAC) which meets regularly, usually shortly before each Board meeting. The FAC promotes and safeguards the highest standards of integrity, financial reporting, and internal control. It also oversees the organization's risk management processes and any capital spending projects. FAC membership includes an independent co-opted member with relevant experience, who is not a Board member.

In 2022, the Board introduced a separate Risk Management Committee, overseeing the further development of risk management. The Board also introduced a Technology Committee, overseeing the development of NZF's Technology, including the implementation of the CRM. Both of these Committees meet a minimum of twice a year.

Trustees are rotated on a medium- to long-term basis to bring in fresh ideas and prevent complacency in the role.

The Chief Executive and employees make operational decisions and run the charity. The Chief Executive or Team Leader (as appropriate) sets and agrees objectives with employees to ensure that the strategic objectives of the charity are being met. The Chief Executive or Team Leader (as appropriate) also ensures employees who have direct contact with recipients are regularly supported, trained and assessed to ensure their communication is in line with the charity's values.

Organisational purpose: Public benefit

The Trustees confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the work of the charity is in line with its objects; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; and that there is no detriment or harm arising from any of the activities.



"NZF's commitment to streamline processes and facilitate giving is stronger than ever connecting even more zakat givers with those who desperately need it in our local communities."
Anisa Hanif, Trustee and Associate General Counsel (Alliances & Acquisitions) at McKinsey & Company



How we are governed continued

Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and an alignment of their values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive. The Board has established a clear pathway for appointing new Trustees, providing an opportunity to assess their skills and suitability before inviting them to serve as Trustees. Potential Trustees will initially serve as advisors to a working group, and they may become members after attending two working group meetings. The pathway allows progression to then serve as an Advisor to the Board and, finally, to serve as a Board member after attending 2-3 Board meetings. Progression at each stage is determined by the Chair of Trustees in consultation with the Board.

Trustees access internal and external training as required. The number of Trustees is within the range recommended by the Governance Code.

We are working to ensure that the profile of Trustees is representative of the people we aim to help, including givers and recipients, and that Trustees demonstrate empathy. We have an Advisor with lived experience of poverty.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their trusteeship.

Openness and accountability

We make our charity's impact accessible to donors and stakeholders through our website and update it on an ongoing basis. We regularly share stories of our recipients on our website and in external messaging.

We provide comprehensive details of our Trustees and their biographies on our website.

We have a disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

"Zakat plays a pivotal role in responding to the call of the poor and needy in the UK. Being such an important pillar that has real potential to tackle poverty, NZF's presence has given it the credibility it deserves by addressing many of the socio-economic issues our society is crying out for today."
Councillor Saima Ashraf, Advisor to Board and Deputy Leader of the London Borough of Barking & Dagenham



Integrity

NZF's Board of Trustees has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement. We welcome the Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector.

We have a monthly and an annual Shariah audit undertaken by Mufti Amjad Mohammed an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada'.

Both the Board and the Finance and Audit Committee receive and act upon feedback regularly to improve governance. NZF engaged an independent reviewer to review the seven areas of the Governance Code. All Trustees and key management personnel provided feedback. The independent reviewer reported the review findings to the Board in 2022. An important aim of the review was to seek areas for improvement. The review found NZF performed well, with participants agreeing with most of the statements. The areas most aligned with recommendations of the Governance Code are Integrity and Leadership. Recommendations were given for developing Equality, Diversity and Inclusion throughout NZF.

Following this, the Board has included Equality, Diversity, and Inclusion as a regular Board agenda item. It has established a Diversity Working group. It will identify further areas for improvement over time. This is part of the Trustees' continuous efforts to improve the effectiveness of the organisation.

We have a Serious Incidents policy. There were no serious incidents in 2022.

We have a conflict of interest policy, and we detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold the position.

We meticulously account for all our income from all sources, including Gift Aid.

Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation. We have formed a Diversity Working Group with the aim to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified. The Working group comprises members from a variety of diverse backgrounds and roles in the organisation.

Trustees and employees are from a range of backgrounds. We currently have three male Trustees and one female Trustee. There are two members of the Senior Leadership Team who support the Chief Executive, who are both female. All Trustees have an ethnic minority background. The charity is BAME-led.

Environmental impact

We are also constantly striving to reduce the charity's impact on the environment.

Giving is almost all online - through the website, Paypal, and online bank transfers.

Most charitable activity continues to be online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Most educational events (webinars etc.) are held online. We have started a small-scale pilot engagement with community partners so applicants have the opportunity to apply face-to-face.

All donor and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Most meetings are held online. All staff are based remotely. Our IT systems continue to work well to enable employees to work effectively. The team meets face-to-face at least once a month to ensure team bonds remain strong.

How we are governed continued

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

NZF Worldwide is committed to:

- Represent the National Zakat Foundation brand at international forums on Islamic finance/wealth management and philanthropy
- Seek opportunities to showcase the NZF UK case study in global Zakat forums
- Facilitate cooperation between NZF entities across the globe to improve efficiency, effectiveness and asset creation

In 2022, NZF Worldwide strengthened the agenda of integrating Zakat into the meta discourse of community and societal development across the globe.

It democratized its development by giving every country's chairperson a role on the non-executive advisory board of NZF Worldwide to improve alignment and coordination among the countries.

NZF Worldwide also held an annual summit involving all country NZFs. Learnings on how Zakat can be better managed and have greater impact were shared with external stakeholders.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent Zakat management experience, Mufti Amjad Muhammed. NZF UK thanks Mufti Faraz Adam, NZF Worldwide's outgoing Islamic legal expert, for his significant contribution, strengthening NZF's understanding and practice of Zakat and ensuring accurate communication to givers.

In addition, NZF Worldwide hosted the largest Zakat stakeholder event in the world, in association with the office of the President of Indonesia and the United Nations. The forum, for the first time in Europe, brought together representatives from nearly twenty sovereign nations to consider the role of Zakat and its opportunities.



Independent Charity Governance Expert, Nasir Ahmed:

"During this review I found the team to be very professional and dedicated to ensuring Zakat is distributed as per the Islamic guidance on the subject. Furthermore, despite already high standards on controls and governance the team is always looking for ways to develop and improve the organisation"

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed, at both the Finance and Audit Committee and the Board.

The Trustees have reviewed the reserves of the charity with independent expert input.

The charity's total funds at the year-end amounted to £3,714,095 of which £1,725,056 were unrestricted general funds and £1,989,039 of the reserves were restricted funds i.e. not available for general purposes.

The restricted funds were for distribution to Zakat-eligible individuals. The Zakat distribution reserves at year-end were similar to the previous year. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This means we need to retain sufficient Zakat distribution reserves at year-end to provide grants to individuals in the first part of the following year, before we receive that year's Ramadan income.

Each year, substantial Sadaqah and Riba funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The Trustees consider that unrestricted general reserves are at a level that cover and exceed three months of core costs (operations salaries, office charges and cost of raising funds, less the costs of depreciation/ amortisation) and that these are sufficient for this purpose at the current time and in line with reserves policy. There are no material amounts designated or otherwise for the reporting period.

Investment policy and performance

National Zakat Foundation holds short-term investments as non-interest bearing cash deposits and property investments through a third-party investment management company. The objective of our investment policy is to earn such Shariah-compliant profit as is available on secure deposits or returns on other investment types while limiting risk as far as is possible. To limit risk, for short-term deposits, cash is held only at those banks with a high credit rating and for property investments, investments are low risk, short term and subject to credit risk assessment.

Investment income in 2022 was £10,253 (2021: £2,288).

Going concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees reasonably expect that the charity has adequate resources to continue operating for the foreseeable future. The Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.



Our leadership team

TRUSTEES

Sultan Choudhury OBE (Chair)

Anisa Hanif

Azim Kidwai

Muhammed Yesilhark

CHIEF EXECUTIVE

Sohail Hanif

AUDITOR

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

BANKERS

Al Rayan Bank
394 Coventry Road
Small Heath
Birmingham
B10 0UF

Lloyds Bank
PO Box 1000
BX1 1LT

SOLICITORS

Bates Wells
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

124 City Road
London
EC1V 2NX

Statement of Trustees' responsibilities

The Trustees (who are also directors of National Zakat Foundation (NZF) for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, and the Statement of Recommended Practice. This practice applies to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective from 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board

Sultan Choudhury OBE
Chair of Trustees

26 June 2023

Section 3

Financial statements

Independent auditor's report to the members of National Zakat Foundation (NZF)

We have audited the financial statements of National Zakat Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report to the members of National Zakat Foundation (NZF) continued

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard
(Senior statutory auditor)

Date; 5 July 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities
for the year ended 31 December 2022

	Note	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Unrestricted funds £	Restricted funds £	Total funds 2021 £
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations and Legacies							
Hardship Relief	2		4,057,328	**4,057,328**		3,017,547	**3,017,547**
Housing and Work	2		1,078,170	**1,078,170**		881,225	**881,225**
Education	2		543,225	**543,225**		423,869	**423,869**
Other	2	2,088,304		**2,088,304**	1,952,706		**1,952,706**
Charitable activities				**-**			**–**
Investment income	3	10,253	-	**10,253**	2,288	–	**2,288**
TOTAL INCOMING RESOURCES		**2,098,557**	**5,678,723**	**7,777,280**	**1,954,994**	**4,322,641**	**6,277,635**
RESOURCES EXPENDED							
Raising funds	4	641,767	-	**641,767**	474,069	–	**474,069**
Charitable activities							
Hardship Relief	4	739,287	3,752,169	**4,491,456**	711,504	2,606,428	**3,317,932**
Housing and Work	4	253,566	1,270,424	**1,523,990**	210,880	772,466	**983,346**
Education	4	113,535	515,382	**628,917**	137,619	451,289	**588,908**
Leadership Investment	4		-	**-**		–	**–**
Zakat Education and Calculation	4	254,855	-	**254,855**	323,833	–	**323,833**
TOTAL RESOURCES EXPENDED		**2,030,010**	**5,537,975**	**7,540,985**	**1,857,905**	**3,830,183**	**5,688,088**
Net income/(expenditure)		95,547	140,748	**236,295**	97,089	492,458	**589,547**
Transfer between funds	16	-	-	**-**	–	–	**–**
Other recognised							
Net gains (losses) on disposal of tangible fixed assets	10	-		**-**	–		**–**
Net movement in funds		95,547	140,748	**236,295**	97,089	492,458	**589,547**
Reconciliation of funds:							
Total funds brought forward	16	1,629,509	1,848,291	**3,477,800**	1,532,420	1,355,833	**2,888,253**
Total funds carried forward		**1,725,056**	**1,989,039**	**3,714,095**	**1,629,509**	**1,848,291**	**3,477,800**

Balance sheet
as at 31 December 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	10	**6,695**	**5,873**
Intangible assets	11	**30,912**	**66,540**
		37,607	**72,413**
CURRENT ASSETS			
Investments	12	**252,407**	**-**
Debtors	13	**120,833**	**144,415**
Deposit accounts		**10,104**	**892,257**
Cash at bank and in hand		**3,398,719**	**2,683,126**
		3,782,063	**3,719,798**
LIABILITIES			
Creditors: amounts falling due within one year	14	**(105,575)**	**(314,411)**
TOTAL NET CURRENT ASSETS OR LIABILITIES		**3,676,488**	**3,405,387**
TOTAL NET ASSETS OR LIABILITIES		**3,714,095**	**3,477,800**
THE FUNDS OF THE CHARITY			
Unrestricted funds			
General funds	13	**1,725,056**	**1,629,509**
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	13	**1,989,039**	**1,848,291**
TOTAL FUNDS		**3,714,095**	**3,477,800**

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2016).

Approved by the Board on 26 June 2023 and signed on its behalf by:

Sultan Choudhury OBE
Chair of Trustees

Statement of cash flows
for the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	**301,135**	**677,120**
Cash flows from investing activities:		
Dividends, profit and rents from investments	**7,846**	**2,288**
Proceeds from the sale of property, plant and equipment		
Purchase of property, plant and equipment	**(25,541)**	**(5,867)**
Purchase of investments	**(100,000)**	
Cash held for investment purposes	**(150,000)**	
Proceeds from sale of investments		**–**
Deposit account greater than 3 months	**882,153**	**(885,721)**
Net cash provided by (used in) investing activities	**614,458**	**(889,300)**
Cash flows from financing activities:		
Repayments of borrowing	**(200,000)**	**–**
Cash inflows from new borrowing		**200,000**
Receipt of endowment		**–**
Net cash provided by (used in) financing activities	**(200,000)**	**200,000**
Change in cash and cash equivalents in the reporting period	**715,593**	**(12,180)**
Cash and cash equivalents at the beginning of the reporting period	**2,683,126**	**2,695,306**
Change in cash and cash equivalents due to exchange rate movements	**-**	**–**
Cash and cash equivalents at the end of the reporting period	**3,398,719**	**2,683,126**
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	**236,295**	**589,547**
Adjustments for:		
Depreciation charges	**60,347**	**62,483**
Dividends, interest and rents from investments	**(10,253)**	**(2,288)**
(Increase)/decrease in debtors	**23,582**	**(55,901)**
Increase/(decrease) in creditors	**(8,836)**	**83,279**
Net cash provided by (used in) operating activities		**677,120**
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	**3,398,719**	**2,683,126**
Total cash and cash equivalents	**3,398,719**	**2,683,126**

Notes to the financial statements
for the year ended 31 December 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1 Legal status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales, and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is 124 City Road, London, EC1V 2NX.

1.2 Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Charities SORP (FRS102, effective 1 January 2016), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The Trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 39.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

In the view of the Trustees the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

1.4. Volunteers

Volunteers support the work of National Zakat Foundation in three ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

The value of services provided by these volunteers has been included in the financial statements.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/seminars.

Due to the difficulty in valuing the contribution, the value of services provided by these volunteers has not been included in the financial statements.

1.5. Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the investment income paid or payable by the bank.

1.6. Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT incurred and is reported as part of the expenditure to which it relates.

Charitable activity comprises those costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries. It comprises costs that can be allocated directly to such activities. Costs of raising funds comprises the costs associated with attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

1.9 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Notes to the financial statements continued

1.10 Investments

Investments are a form of basic financial instrument with expected maturity of less than one year. Investments are initially recognised at the transaction value. Subsequent re-measurement is at amortised cost, at the undiscounted amount of cash or other consideration expected to be received.

1.11 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short term investments with a maturity of four months; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the year.

1.12 Tangible and intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	–	Straight line over 5 years
Fixtures, fittings and equipment	–	Straight line over 3 years
Intangible assets	–	Straight line over 3 years

All items of expenditure greater than £750 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.13 Operating leases

The charity classifies the lease of office equipment and office space as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Zakat	564,809	5,610,057	**6,174,866**	416,370	4,269,796	4,686,166
Zakat-ul-Fitr	-	36,039	**36,039**	–	25,639	25,639
Fidyah and Kaffarah	-	32,627	**32,627**	–	27,206	27,206
Sadaqah	528,637	-	**528,637**	662,832	–	662,832
Riba	74,430	-	**74,430**	73,514	–	73,514
In-Kind Donations	45,500	-	**45,500**	–	–	–
Gift Aid	874,928	-	**874,928**	794,990	–	794,990
Legacy Income	-	-	**-**	5,000	–	5,000
	2,088,304	**5,678,723**	**7,767,027**	**1,952,706**	**4,322,641**	**6,275,347**

Zakat:

Zakat: We use all Zakat for charitable activity (2021:100%). This charitable activity is the grants. In addition, it includes the service of checking applications and delivering the grants, for givers who choose for a portion of their Zakat to be used in this way. We do not use Zakat to raise funds or for core costs, such as support and governance costs.

In 2022, Islamic Relief contributed £100,000 Zakat to National Zakat Foundation and Muslim Aid granted National Zakat Foundation £100,000 of which £90,000 was Zakat.

Zakat-ul-Fitr: The use of funds is restricted to providing cash grants for food for the poor and needy.

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

In-Kind donations relates to voluntary contribution towards the work of National Zakat Foundation.

3. INVESTMENT INCOME

	Total funds 2022 £	Total funds 2021 £
Income on deposits	**7,846**	2,288
Return on Investments	**2,407**	
	10,253	2,288

4. ANALYSIS OF EXPENDITURE

Expenditure by activity

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Zakat-ul-Fitr grants	3,752,169	1,270,424	515,382	-	**5,537,975**	-	**5,537,975**	3,830,183
Direct employees costs	435,050	144,971	59,953	55,252	**695,226**	134,322	**829,548**	690,674
Direct costs	184,851	68,170	37,182	178,371	**468,574**	492,582	**961,156**	1,012,388
Support and governance costs	119,386	40,425	16,400	21,232	**197,443**	14,863	**212,306**	154,843
Total	**4,491,456**	**1,523,990**	**628,917**	**254,855**	**6,899,218**	**641,767**	**7,540,985**	**5,688,088**

Prior Year

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Zakat-ul-Fitr grants	2,606,428	772,466	451,289	-	3,830,183	-	**3,830,183**	3,800,103
Direct employees costs	388,009	101,576	58,781	60,129	608,495	82,179	**690,674**	472,798
Direct costs	236,037	83,385	63,695	248,220	631,337	381,051	**1,012,388**	743,042
Support and governance costs	87,458	25,919	15,143	15,484	144,004	10,839	**154,843**	203,399
Total	**3,317,932**	**983,346**	**588,908**	**323,833**	**5,214,019**	**474,069**	**5,688,088**	**5,219,342**

Notes to the financial statements continued

Expenditure by income type

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2022 £	Total 2021 £
Zakat and Zakat-ul-Fitr grants	3,716,130	1,270,424		–	**3,804,544**	–	**3,804,544**	3,766,456
Direct employees costs	515,382	-	5,501,936	-		–	**25,639**	33,646
Direct costs	5,501,936		44,532	–	**372,737**	–	**372,737**	380,260
Support and governance costs	3,804,544	134,655	93,087	323,833	**1,011,099**	474,069	**1,485,168**	1,038,980
	36,039	-	-	-	**36,039**	-	**36,039**	25,639
	375,281	**129,432**	**52,508**	**-**	**557,221**	**-**	**557,221**	**372,737**
	364,006	**124,134**	**61,027**	**254,855**	**804,022**	**641,767**	**1,445,789**	**1,485,168**
Total	**4,491,456**	**1,523,990**	**628,917**	**254,855**	**6,899,218**	**641,767**	**7,540,985**	**5,688,088**

Prior Year

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Fidyah/ Kaffarah	2,580,789	772,466	451,289	-	3,804,544	-	**3,804,544**	3,766,456
Zakat-ul-Fitr	25,639	-	-	-	25,639	-	**25,639**	33,646
Zakat – for direct costs	251,980	76,225	44,532	-	372,737	-	**372,737**	380,260
Sadaqah, Riba, Gift Aid and other income	459,524	134,655	93,087	323,833	1,011,099	474,069	**1,485,168**	1,038,980
Total	**3,317,932**	**983,346**	**588,908**	**323,833**	**5,214,019**	**474,069**	**5,688,088**	**5,219,342**

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2022 £	2021 £
Support costs		
Office administration	**62,290**	57,107
Office Services excl depreciation	27,701	19,635
Depreciation	6,622	4,844
Office services:	**34,323**	24,479
Governance (incl external audit)	**115,693**	73,257
Total	**212,306**	154,843
Governance costs:		
Audit fees	**11,750**	10,320
Auditor fees for non-audit services	**-**	-
Other professional fees	**9,589**	9,631
Licence fee and compliance costs	**28,233**	29,610
Staff costs	**66,121**	23,696
Total Governance costs	**115,693**	**73,257**

During 2022, Other professional fees consisted of legal fees and external accountancy services. Staff costs include the In Kind Donations.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

The charity did not pay any Zakat grants to organisations in 2022. (2021:nil)

7. NET INCOMING RESOURCES

	2022 £	2021 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	**-**	-
Losses on disposal of fixed assets	**-**	-
Depreciation and other amounts written off fixed assets	**60,347**	62,483
Total depreciation and other amounts written off fixed assets	**60,347**	62,483
Operating lease charges	**-**	-
Auditor's remuneration (Including VAT):		
Audit fees	**11,750**	10,320
Non-audit fees	**-**	-

Notes to the financial statements
continued

8. ANALYSIS OF EMPLOYEES COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2022 £	2021 £
Employment costs:		
Wages and salaries	**854,134**	690,133
Social security costs (employers NI)	**77,699**	63,280
Employer pension contribution	**22,527**	15,316
Total	**954,360**	**768,729**

No employee (2021: no employee) had employee benefits in excess of £60,000.

Employees costs exclude amounts paid to external consultants in 2022 of £48,769 (2021 £4,167). For 7 months, the Director of Communications (Interim) role was provided by a consultant rather than an employee. Two consultants provided services within the Communications team: one as a Copywriter and one for 5 months as PR and Advocacy Lead.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2020: £nil). In 2022, one Trustee was reimbursed £279 for travel expenses (2021: £nil). No charity Trustee received payment for professional services or other services supplied to the charity (2021: £nil).

There were significant changes in roles comprising Key Management Personnel in 2022. From September 2022, the role of Director of Operations was removed, and from October 2022 the role of Director of Services was removed. From September 2022, the role of Chief Operating Officer was introduced: this encompassed senior oversight of both Services and Operations. During 2022, the Key Management Personnel of the charity therefore comprised the CEO, COO, Director of Services, Director of Operations and the Director of Communications.

Employee benefits of Key Management Personnel totalled £200,360 (2020: £190,224) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Additional staff were recruited to distribute the additional Zakat. A one-off cost of living payment was made to staff. In addition to the employees' costs mentioned above, £45,500 of Gift In-Kind has been recognised in the accounts in relation to voluntary contribution towards the work of National Zakat Foundation.

Employee numbers:

The average number of persons employed by National Zakat Foundation whether on a full time or part time basis during the period was as follows:

Employee numbers

	2022 FTE	2021 FTE
All team	**23.1**	**20.5**

Average employee numbers by team

	2022 No.	2021 No.	2022 FTE	2021 FTE
Services	18	16	15.4	13.5
Marketing	4	3	3.0	3.5
Operations	4	4	4.7	3.5
Total	**26**	**23**	**23.1**	**20.5**

9. TAXATION

The National Zakat Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

10. TANGIBLE FIXED ASSETS

	Buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2022	-	16,471	16,471
Additions in year	-	4,616	4,616
Disposals in year	-	(1,724)	(1,724)
At 31 December 2022	**-**	**19,363**	**19,363**
Depreciation			
At 1 January 2022	-	10,598	10,598
Charge for the year	-	3,794	3,794
Eliminated on disposal	-	(1,724)	(1,724)
At 31 December 2022	**-**	**12,668**	**12,668**
Net book value			
at 31 December 2022	**-**	**6,695**	**6,695**
At 31 December 2021	-	5,873	5,873

The disposals relate to computer hardware.

Notes to the financial statements
continued

11. INTANGIBLE ASSETS

Cost		
At 1 January 2022	182,019	182,019
Additions in year	20,925	20,925
Disposals in year	-	-
At 31 December 2022	**202,944**	**202,944**
Amortisation		
At 1 January 2022	115,479	115,479
Charge for the year	56,553	56,553
Eliminated on disposal	-	-
At 31 December 2022	**172,032**	**172,032**
Net book value		
at 31 December 2022	**30,912**	**30,912**
At 31 December 2021	66,540	66,540

12. INVESTMENTS

Analysis of movement	**2022 £**	**2021 £**
Investments at 01 January	**-**	-
Purchase of Investment at cost	**100,000**	-
Returns on Investments	**2,407**	-
Disposal Proceeds	**-**	-
Cash held for Investment Purposes	**150,000**	-
Investments at 31 December	**252,407**	**-**

The investment was made in a property through a third-party investment management company.

13. DEBTORS

	2022 £	**2021 £**
Accrued income	**14,678**	10,267
Prepayments	**49,302**	64,729
Other debtors	**56,853**	69,419
	120,833	**144,415**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	**79,951**	49,056
Accruals and deferred income	**15,004**	56,981
Other creditors	**10,620**	208,374
	105,575	**314,411**

In 2021 Other creditors included a £200,000 interest-free COVID-19 loan from the Resilience and Recovery Fund was provided by British Business Bank in 2021. It was paid off in February 2022.

Some Zakat grants are approved in principle for periods which extend past the year end date. Subsequent period Zakat grants represent planned future commitments but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress.

As at 31 December 2022, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2021: £nil).

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	37,607	-	**37,607**	72,413
Net current assets	1,687,449	1,989,039	**3,676,488**	3,405,388
Total	**1,725,056**	**1,989,039**	**3,714,095**	**3,477,800**

Prior Year

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Fund balances at 31 December as represented by:				
Tangible and intangible fixed assets	72,412	-	**72,412**	129,029
Net current assets	1,557,097	1,848,291	**3,405,388**	2,759,224
Total	**1,629,509**	**1,848,291**	**3,477,800**	**2,888,253**

Notes to the financial statements
continued

16. ANALYSIS OF FUNDS

	1 January 2022 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2022 £
Unrestricted designated	–			–	–
General funds	**1,629,509**	**2,098,557**	**(2,003,010)**	**-**	**1,725,056**
Total unrestricted funds	1,629,509	2,098,557	(2,003,010)	-	1,725,056
Zakat funds	1,848,291	5,610,057	(5,469,309)		1,989,039
Zakat-ul-Fitr	-	36,039	(36,039)		-
Fidyah and Kaffarah	**-**	**32,627**	**(32,627)**		**-**
Total restricted funds	**1,848,291**	**5,678,723**	**(5,537,975)**	**-**	**1,989,039**
Total funds	**3,477,800**	**7,777,280**	**(7,540,985)**	**-**	**3,714,095**

Prior Year

	1 January 2021 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2021 £
Unrestricted designated	-			-	-
General funds	1,532,420	1,954,994	(1,857,905)	-	1,629,509
Total unrestricted funds	**1,532,420**	**1,954,994**	**(1,857,905)**	**-**	**1,629,509**
Zakat funds	1,355,833	4,269,796	(3,777,338)	-	1,848,291
Zakat-ul-Fitr	-	25,639	(25,639)	-	-
Fidyah and Kaffarah	-	27,206	(27,206)	-	-
Total restricted funds	**1,355,833**	**4,322,641**	**(3,830,183)**	**-**	**1,848,291**
Total funds	**2,888,253**	**6,277,635**	**(5,688,088)**	**-**	**3,477,800**

17. OPERATING LEASE COMMITMENTS

The charity did not have any operating lease commitments in 2022 (2021: nil).

18. RELATED PARTIES

Azim Kidwai is a Trustee of NZF and a Director of NZF Worldwide.

In 2022, NZF paid £24,000 (2021: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement. In addition, NZF paid £24,000 (2021: £24,000) to NZF Worldwide as part of a Service Level Agreement.

In return, in 2022, NZF Worldwide strengthened the agenda of integrating Zakat into the meta discourse of community and societal development across the globe.

It democratised its development, giving every country's chairperson a role on the non-executive advisory Board of NZF Worldwide, to improve alignment and coordination between the countries.

NZF Worldwide also held an annual summit involving all country NZFs. Learnings on how Zakat can be better managed and have greater impact were shared with external stakeholders.

To enhance compliance architecture, NZF Worldwide introduced another Islamic jurist with excellent Zakat management experience. Mufti Amjad Muhammed. In addition, NZF Worldwide hosted the largest Zakat stakeholder event in the world, in association with the office of the President of Indonesia and the United Nations. The forum, for the first time in Europe, brought together representatives from nearly twenty sovereign nations to consider the role of Zakat and its opportunities.

Muhammed Yesilhark is a Trustee of NZF and has an interest in Shamaazi Ltd. Of £100,000 paid by NZF to Shamaazi Ltd in 2021 for featuring NZF within the 'My Ten Nights' giving app, £9,415 of outstanding services was carried out in 2022 and £45,585 is carried forward to 2023.

Azim Kidwai is CEO of Mercy Mission. In 2022, NZF received £137,366 from Mercy Mission as part of their custodian service for Shamaazi Ltd.

In 2022, total Trustee donations amounted to £2,489.99 (2021: £3,803.85).

19. POST BALANCE SHEET EVENT

Remaining outstanding services from Shamaazi Ltd in relation to the featuring on the 'My Ten Nights' Giving App were completed in February 2023. Income of £491,881.85 was received in February 2023 from Mercy Mission as part of their custodian service for Shamaazi Ltd.

Helping you bring Zakat to life where you live

Working towards a thriving, closer Muslim community

National Zakat Foundation

National Zakat Foundation (NZF) is a registered charity in England and Wales (1153719)

NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales - Charity number 1153719

Accounts



Impact Report

and financial statements
for the year ended
31 December 2021

National Zakat Foundation

National Zakat Foundation (NZF) Charity number: 1153719 Company number: 08536743

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This Impact report includes the Trustees' annual report as required by the SORP and a Directors' report as required by company law

Introduction from the Chief Executive and Chair

Assalamu alaikum, Peace be upon you

With God's help, NZF's Zakat givers and our supporters have been part of something amazing.

As the new Chief Executive and new Chair of Trustees, it is with a true sense of honour that we present this annual report to you. We would like to extend warm thanks and gratitude to our predecessors, Iqbal Nasim and Azim Kidwai. Not only was National Zakat Foundation (NZF) founded upon their visionary intentions, but it was thoughtfully and graciously built over 10 years into an excellent Zakat institution both in organisational culture and in service to the community. 2021 brought significant changes within our leadership team, yet the vision of NZF to build a thriving, closer Muslim community is stronger than ever. We're grateful for this opportunity to lead NZF and are excited to share the achievements of the year gone by and plans for the year ahead.

In 2021, over 10,400 Muslims trusted NZF to distribute their Zakat within the UK. This is more than ever before. We distributed £3.8 million of your Zakat – and you supported over 11,100 Muslims in need right here. Families who were in real hardship say they feel stronger in faith and closer to the Muslim community as a result of being supported by your Zakat.

Our communities here are still recovering from the economic effects of COVID-19 and are now dealing with a cost-of-living crisis. With rising inflation, fuel and energy prices, and reduction in welfare, the basic cost of living is increasingly unaffordable for the most vulnerable in our communities. NZF is receiving unprecedented numbers of applications from Muslim families, refugees, single parents, and individuals who desperately and urgently need support. NZF is here for givers and recipients and is working diligently to distribute Zakat with dignity.

In response to the COVID-19 crisis, as the leading Zakat service in the UK, NZF enabled other international Muslim charities to ensure some of their Zakat is distributed in the UK. In late December 2020, NZF received £200,000 in Zakat from Islamic Relief. In 2021, NZF directly distributed this as Zakat grants through our Hardship Relief Fund to Muslims facing hardship in the UK. Islamic Relief trusts NZF to distribute Zakat received by their donors to those in need within the UK and has committed to contribute more Zakat for NZF to support more local Muslims. We continue to build strong partnerships to help more Muslims in the UK, now and in the long term.



We have made improvements to our Zakat distribution service to ensure help is given with greater efficiency to those most in need. We introduced a quick online tool to help applicants understand upfront how much Zakat they are likely to receive given their circumstances. We enhanced fraud security, with automated checks on applicant ID and open banking integration for quick and accurate financial checks. We supported asylum seekers to open bank accounts. We have partnered with the National Post Office to enable those who aren't able to receive their Zakat through a direct bank transfer to collect it from a Post Office near them.

As a growing Zakat service institution, NZF has welcomed additional members to the team including new key roles to contribute to developing functions. Further Zakat distribution staff fulfilled the essential role of assessing more grant applications and delivering your Zakat. Our new Communications staff have enhanced supporter experience, Zakat awareness and reach of our message to build sustainable Zakat income.

In the year ahead, there will be a greater focus on Zakat Education. We would like more Muslims in the UK to have knowledge of the third pillar and how Zakat gives dignity to the givers and recipients of Zakat. We will increase outreach work to bring our message to local communities and build a wider Zakat network to create a greater impact. We will work to strengthen existing partnerships with Muslim institutions to both add to our funding and to partner in delivery of Zakat grants to those in need locally.

NZF Worldwide continues to draw on the UK's model and the learnings from it to establish and support new National Zakat Foundations across the world. During the year, NZF UK participated in a global NZF Worldwide conference to share best practice in governance, communications, technology and Zakat service delivery.

Much has happened at NZF over this past year. It would not have been possible without your support. Together, we have managed to serve more people and distribute more Zakat than any other year in NZF's history. On behalf of the team and the Zakat recipients of the UK, we thank you for your support. May Allah accept your good intentions and bless you. NZF runs a transparent and efficient project with great ambition. Please continue in supporting us to serve you.

Sincerely and with much appreciation,

Sohail Hanif
Chief Executive



Sultan Choudhury
Chair of the Board of Trustees





Section 1

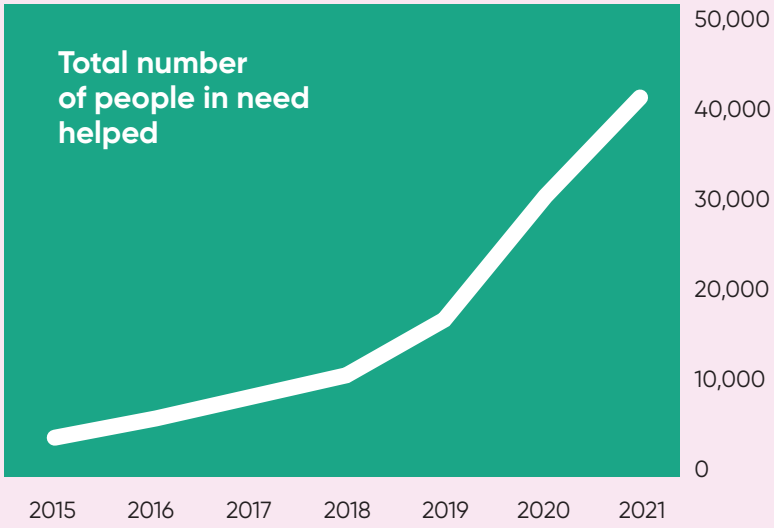
Impact report

Impact at a glance

Since NZF began, 10 years ago:

Givers have supported
over 42,000 people

Total Zakat distributed
£22.8 million



The impact of your Zakat in building a thriving, closer Muslim community[1]

Has the help from NZF made you feel closer to the Muslim community?

Zakat recipients rated the impact on average 4.83 out of 5 –
that's 97%!

Has the help from NZF increased your faith?

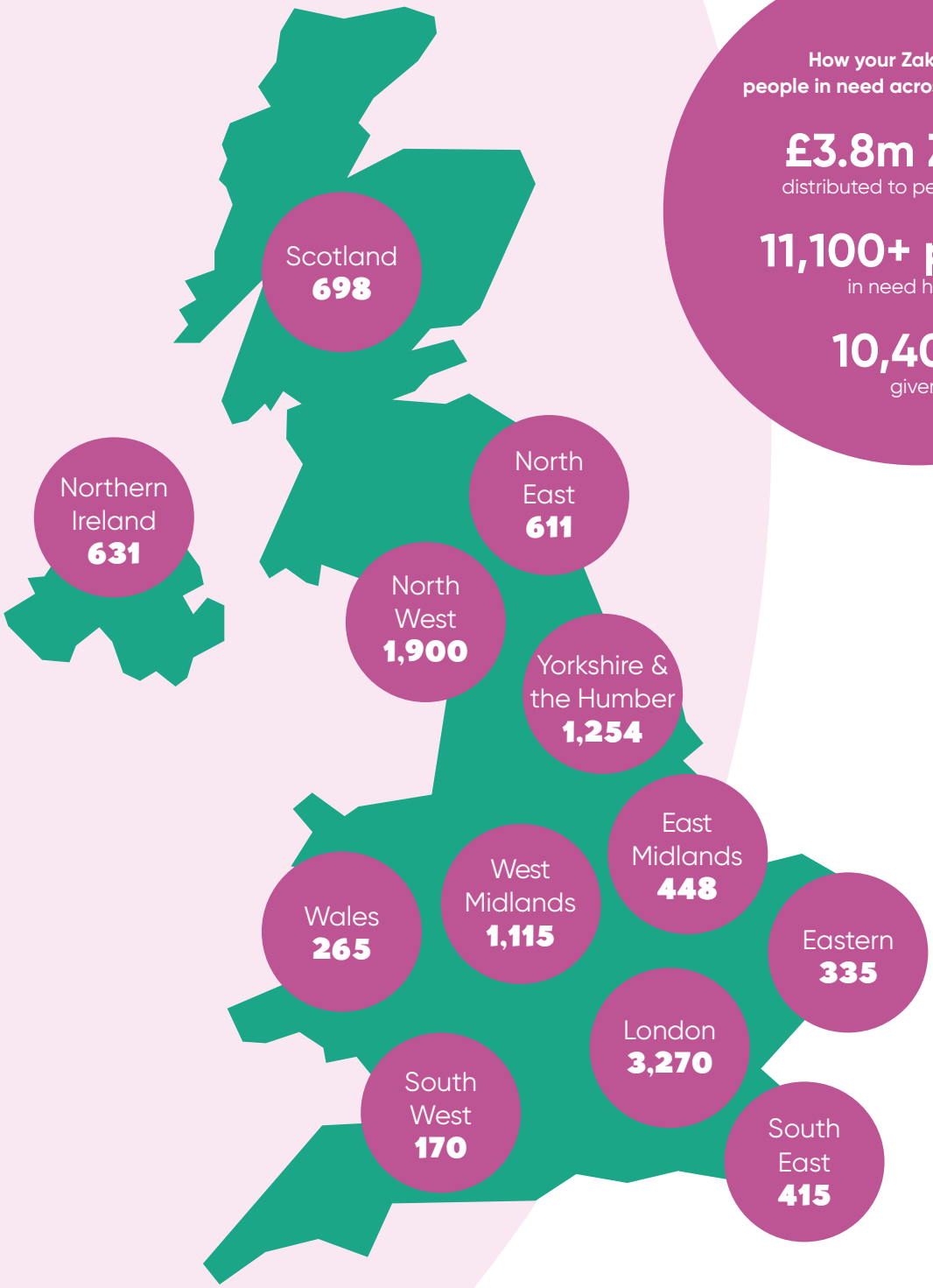
Zakat recipients rated the impact on average 4.76 out of 5 –
that's 95%!

Has the money we gave helped you to get your finances back on track?

Zakat recipients rated the help on average 4.32 out of 5 –
that's 86%!

1 NZF asks feedback from recipients three months after they have received the cash transfer to understand the impact. We use emoticons to help recipients with language and literacy barriers respond to questions with ease. Recipients rate each question out of 5.

In 2021: number of people in need helped



Impact at a glance
continued

Do we use any Zakat for admin costs?

We use all Zakat for charitable activity.

We do not use Zakat to raise funds or for core costs.

How you've helped in 2021, by fund

	People in need you've helped, by fund		Your Zakat distributed, by fund	
	No. of people	%	£	%
Hardship Fund	9,444	85%	£2,606,428	68%
Housing & Work Fund	1,457	13%	£772,466	20%
Education Fund	211	2%	£451,289	12%
Total	**11,112**	**100%**	**£3,830,183**	**100%**

How people accessed NZF Zakat education services in 2021



attendees at Zakat Masterclasses



personal Zakat consultations conducted



calculation queries answered



number of times knowledge bank accessed



number of times online calculator accessed

About us

The problem

Zakat is not simply charity, rather Zakat is a specific institution. It is meant to create a tie between Muslims reminding them that they are one family, one ummah. To strengthen this notion of building ties amongst the believers, Zakat is meant to be paid in the locality where a person lives. This is agreed upon by all schools of law – they differ only in whether they consider this an obligation or a Sunnah. Those who are nearest us have a special right on us. This is because it is meant to build real ties in real communities, so that no one feels alone and alienated wherever there is a group of believers.

We are not investing enough in our UK Muslim community to address the multiple challenges we face. Almost half of all Muslims in the UK are living in poverty[1]. That's more than twice the national average of 20%. The pandemic and cost-of-living crisis have exacerbated existing inequalities: one impact of COVID-19 is increasing mental health issues for low-income families[2]; the cost-of-living crisis has impacted the poorest as incomes have decreased by 6% and costs have increased by 10%[3]. Moreover, those trying to propel the community forward, our emerging religious leaders and other community champions, are often held back by their difficult financial circumstances.

It's often hard for individual Zakat givers to know how to get their Zakat directly to support people in need in the community.

The solution

Zakat givers need a trusted way to be able to get their Zakat directly to people in need in the UK.

Zakat enables Muslims in need in the UK to get back on their feet. Zakat also helps those in financial need who are working hard to uplift the community to access training and education. The result of these individual and collective efforts is a thriving, closer Muslim community.

1 Social Mobility Commission. The Social Mobility Challenges Faced by Young Muslims. Stevenson J, Demack S, Stiell B, Abdi M, Clarkson L, Sheffield Hallam University (Sept 2017)

2 Child Poverty Action Group

3 Resolution Foundation (Mar 2022), Institute for Fiscal Studies (Jan 2022)



Zakat recipient: Fatima

After separation, Fatima was left to bring up her young children in a bare, unfurnished flat. With debts mounting, just coping day to day seemed impossible.

"I was struggling to pay my bills, like council tax, water and a Universal Credit loan. And that's before things I really needed like clothes for my baby. At the end of the month, even if I had a little money left, I would pay back loans I'd taken from family, so I ended up with even less. It was so stressful, especially with a baby."

Your impact: When life seemed impossible, Zakat was here to bring a better life today, and hope for a brighter tomorrow for Fatima and her children.

Through our Hardship Relief Fund, Fatima received help with basic costs such as food and clothes for her children. A Housing Fund grant helped furnish their bare flat with essentials of a bed, fridge and washing machine. Our Work Fund supported Fatima to join a one-year course in Education Practice to qualify her for a better-paid job.

About us continued

What NZF does

Our vision is a thriving, closer Muslim community in the UK.

Our mission is to connect every Muslim in the UK through Zakat. NZF is the only platform with a national reach which helps Muslims get their Zakat to those in need who should be receiving it here in the UK. Rooted in our faith and reflective of our modern times, we are building a nationwide network of support.

NZF is committed to listen to our givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. Zakat givers now have a choice about where their individual Zakat payment goes, who it helps, and whether any of it is used to contribute to the cost of getting it there. We are diligent in ensuring policies are reviewed, endorsed and certified by scholars and make this certification available on the website.

It helps us all to get closer to achieving the vision.

What's our purpose?

Our purpose is to enable givers to bring Zakat to life where they live, to achieve a thriving, closer Muslim community in the UK.

What are our values?

We adhere to four key values:

- **We are pioneering:** We create positive change. We've built the only UK network that connects Muslims through Zakat. This is helping change the lives of Muslims across the country and is creating a thriving, closer Muslim community.
- **We are faithful:** We unite our faith with times. We offer a dynamic way to give Zakat, firmly rooted in our faith. We want to make sure every Muslim who can give Zakat does so in a way that meets the requirements of our faith.
- **We are purposeful:** We care, so we act. We ensure Muslims can give Zakat easily and effectively in the UK. We use Zakat to give the most vulnerable and disadvantaged people in our community the help they need and make sure Muslims with the potential to propel the community forward are not held back by financial circumstances.
- **We are meticulous:** The details matter to us. Our platform hands control to the giver. At the same time, we carefully ensure that Zakat goes to those who should receive it. We care deeply about every penny of Zakat we handle, and who it goes to. Our processes are thorough, and we openly communicate our decisions.

What are our strategic aims?

We have four strategic aims:

1. **Hardship Relief Fund:** Help Muslims get through difficult situations by giving them urgent funds to cover essentials such as food and clothing.
2. **Housing & Work Fund:** Help Muslims get back on their feet with affordable accommodation and the work skills to find a job and sustain themselves and their families.
3. **Education Fund:** Help strengthen the community by investing in educating and developing Muslim scholars and other community champions.
4. **Zakat Awareness, Education and Calculation:** To help people understand Zakat and its purpose, and to help givers calculate the right amount of Zakat.

"Euro Quality Foundation…has supported NZF from the very beginning when it was just an idea to excel in Zakat-giving locally within the UK. Fast-forward to today and we have witnessed the tremendous impact they have had on identifying and supporting those in need in the UK as well as raising the bar generally to professionalise the collection, management and distribution of Zakat. Their impact cannot be understated. Year-after-year they get better with more innovative solutions, more transparency and more accountability. Recently we've stepped up the level of due diligence… and we're pleased to share that NZF has been included within our top tier of non-profits for its impact, governance and excellence. We cannot recommend NZF enough."
Rizvan Khalid, Trustee, Euro Quality Foundation (corporate foundation of Euro Quality Lambs)



How our givers helped people in need

1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship, providing funds to cover basic essentials, to help them get out of a rough patch.

We give a grant to help cover the costs of food, clothing, and small debts. Often, this support is what's needed to get them through a moment of urgent need so they can regain peace of mind and start to get their lives back on track.

Who Zakat givers helped

In 2021, Zakat givers supported 9,444 people in need across the UK through NZF's Hardship Relief Fund. 85% of all 2021 Zakat distributed was done so through this fund.

Zakat supported refugees and asylum seekers, victims of domestic abuse, those facing homelessness and those struggling due to unemployment or low paid work.

(Note: to protect the identity of Zakat recipients, names have been changed in many of the real-life stories)

The impact of Zakat givers' support

The Hardship Relief Fund has:

- helped Muslims in need through their immediate financial distress;
- dedicated support, so individuals feel more confident about their financial circumstances in the future;
- helped individuals feel like they belong to a caring and supportive community.

And Muslims we've supported have often reported a direct and beneficial impact on their faith.

"National Zakat Foundation's work is invaluable to many who would otherwise be utterly destitute in the UK due to poverty and legal barriers in the labour market. They have provided efficient, professional services for most of our clients from the Horn of Africa People's Aid NI."
Suleiman Abdulahi, Director and Founder, Horn of Africa People's Aid Northern Ireland



Zakat recipient: Khadija

"I had no hope that someone could help me. Until my friend told me about you and your support. With your help and your support, you also brought me the belief that good people exist. Thank you all, may Allah bless you."

How our givers helped people in need continued

COVID-19 Hardship Relief partnership with Islamic Relief

In response to the COVID-19 crisis, NZF received £200,000 Zakat from the international aid charity Islamic Relief UK in late December 2020. During 2021, NZF used the income to distribute Hardship Relief Zakat grants to support 1,396 Muslims in need. Islamic Relief UK trusts NZF to distribute their Zakat within the UK. Towards the end of 2021, Islamic Relief committed to further Zakat donations as part of their strategy to support local Muslims in the UK.

"The rising cost of living has plunged struggling families in the UK even deeper into poverty as they choose between feeding themselves or their children. The NZF Hardship Fund is an essential lifeline and provides an immediate helping hand to the most vulnerable families on home ground.

"Islamic Relief UK is proud to partner with NZF, and we hope our support is a step towards making a positive impact during these difficult times."

Tufail Hussain, Director of Islamic Relief UK





Zakat recipient: Mohammed

Mohammed fled Eritrea with his family to find safety in the UK. One of his children has autism and epilepsy, made worse by trauma the family saw in Eritrea. Mohammed hoped desperately to find work and support his family. Dependent on benefits and faced with the extra costs of supporting a disabled child, Mohammed found the bills just mounted up. A friend from the mosque helped Mohammed apply for Zakat: *"The help we get is not enough. Now we must pay the electricity and gas bills that we cannot afford. Even clothes for the children is difficult to afford. Our situation is so difficult"*

Your impact: A grant from our Hardship Fund, helping to tackle the family's most pressing needs. And a further grant from the Work Fund is helping Mohammed study to be a translator.

The family's journey isn't over yet, but hope is on the horizon – and Mohammed feels peace at last.



2. Housing & Work Fund

The Housing Fund gives grants to help Muslims in the UK who need support to live in affordable, liveable and safe accommodation. The Work Fund gives grants to help Muslims in the UK who are unemployed or on low incomes to get a job and increase their incomes.

Housing partner:
Caritas Anchor House

Abdullah was struggling with his mental health due to the burden of rent arrears and debt. Caritas Anchor House helped Abdullah apply to NZF's Housing Fund for a grant to support him through this difficult time. Your Zakat donations helped alleviate Abdullah's burden when he most needed support.
Caritas say:
"National Zakat Foundation is an amazing service for the community. Caritas Anchor House can't thank you and your team enough for this very generous grant. It will make a real difference for this young person; it will also benefit greatly his mental health and reduce his anxieties and go a long way to paying off his rent arrears."

Who Zakat givers helped

In 2021, Zakat givers supported 1,457 people in need across the UK through NZF's Housing & Work Fund. 13% of all 2021 Zakat distributed was done so through this fund.

Zakat supported those struggling due to unemployment or low-paid work who could not afford the costs for which they were applying for help.

The impact of Zakat givers' support

The Housing & Work Fund has:

- enabled Muslims to access both safe and affordable accommodation and the labour market;
- offered dedicated support, so individuals feel more confident about their financial circumstances in the future;
- helped individuals feel like they belong to a caring and supportive community.





Housing Zakat recipient: Hanifa

Hanifa was only 27 years old when she left her violent marriage. With a young baby to take care of and a home with no bed or kitchen appliances, she desperately needed support. Your Zakat saved Hanifa and her daughter from unimaginable living conditions.

"My husband would hit me – a lot. It wasn't safe for me or my daughter to stay with him, so I left and was moved into temporary accommodation. By the grace of Allah, I was soon given a permanent place to live, but my new home was completely unfurnished. I couldn't afford to buy any furniture or kitchen appliances. The NZF Housing Team reviewed my situation and approved my application for urgent support really quickly. They covered the cost of a cooker, a fridge freezer, a single bed and a washing machine, and even had the items delivered and installed so I didn't have to do any of the heavy lifting. Your Zakat has given me and my daughter a stable life free from poverty and violence. Now that I have basic living essentials, I can start building the life I'd always imagined for us."

How our givers helped people in need continued

Work Zakat partner:
Lab Med Experts

A partnership was established through the NZF Work Fund, and through the fund we have supported a number of Muslims to do courses: "We thought you will be happy to know that the majority of those whom you have supported through our training are now working within the NHS or private pathology laboratories. We always assist every one of our candidates in searching for jobs upon completing their training with us."

Kunle Akanbi, Training Coordinator, Lab Med Experts





Work Zakat recipient: Emre

As a refugee Emre's future was uncertain. He was living week to week dependent on benefits and had lost hope in humanity. His greatest wish was to be treated with dignity and be able to work. In his home country, Emre was a skilled locksmith. But when he came to the UK as a refugee, he couldn't afford the cost of retraining. Your Zakat helped Emre retrain and start work. Emre now provides a valuable service to his community.

"After years of living in limbo in the UK, I was finally granted indefinite leave to remain. It felt like the weight of the world had been lifted off my shoulders. Immediately, I threw myself into looking for a job so I could support myself without needing help from the government. I was so hopeful to begin with, but after months of searching I hadn't made any progress because I didn't have the right skills or qualifications. One shop owner had told me he'd give me a job as a locksmith if I could pass the training course, but since I couldn't afford the fees, I'd put it to the back of my mind thinking it was a lost cause. From the moment I met my caseworker, I knew NZF was different from all the other organisations I'd come across. I was treated like an equal. Now, I can come off Jobseeker's Allowance and pay for my own food, clothes, and travel. NZF helped me so I could help myself, and for that I'll be eternally grateful."



3. Education Fund

The Education Fund gives grants for education and training to help Muslims who can demonstrate a high level of commitment to community service, to help them to better serve Islam and Muslims in the UK. Applicants eligible to receive Zakat are supported with vocational training courses, postgraduate academic courses, and/or learning resources.

Who Zakat givers helped

In 2021, Zakat givers supported 211 people in need across the UK through NZF's Education Fund. 2% of all 2021 Zakat distributed was done so through this fund.

Zakat supported those actively working to serve the community, who were eligible to receive Zakat and could not afford the education and training costs for which they were applying for help.

The impact of Zakat givers' support

The Education Fund has:

- enabled Zakat-eligible Muslims to access education and training;
- offered dedicated support so individuals can build capacity in UK Muslims to serve Islam and their communities;
- helped Zakat-eligible Muslims feel like they belong to a caring and supportive community.





Education Zakat recipient: Samreen

After redundancy, a challenging marriage and divorce, Samreen found herself responsible for raising two children alone. Samreen researched coaching as a solution to support other Muslim single mothers in her situation while at the same time providing a stable income for her young family. Samreen discovered the Animas course for Transformational Coaching. Samreen says:

"There was no way I was going to afford the fees. After making qiyaam (night prayer)... a group message caught my eye, it was NZF advertising funding support for Muslims to train and benefit the ummah. Subhanallah, I applied and within 24 hours the funding was approved, within 48 hours I was accepted on the course. A year later, I am a qualified transformational coach specialising in healing and mindset... I have created a unique coaching programme giving people hope and self-help strategies to overcome any hurdles that they may experience in life for permanent change. This investment in me insha'Allah will impact thousands if not millions of lives as I endeavour to make the best out of this life-changing opportunity."

How our givers helped people in need continued

Imam development campaign

In 2021 NZF launched an Imam development campaign to support the development of a generation of effective Muslim leaders through a range of courses. The aim was to help Imams who faced financial difficulties by removing this barrier to attain the essential skills they needed to better serve their communities as effective leaders. Skills-based courses included training as public speakers and gaining new digital skills. Qualifications included accredited interpersonal mediator, Muslim chaplain, and life coach.

4. Zakat Awareness, Education and Calculation

We continued to provide Zakat awareness, education and calculation services to UK Zakat givers in 2021. This is funded by non-Zakat voluntary income (Sadaqah and other income).

These services:

- spread knowledge about the spiritual and societal significance and impact of Zakat;
- increase understanding of the need for Zakat in the UK;
- improve understanding of how to calculate Zakat.



How our givers are supported

We provided Zakat givers with many ways to help ensure they paid the right amount of Zakat, including workshops, online content, publications; and online and offline giving.

Givers now have access to a historical Nisab calculator that records prices of gold and silver back to the year 2000, allowing people to accurately calculate missed Zakat over the last 21 years.

Givers are able to save their Zakat calculation progress and return to it at any time. Our calculator was integrated with the apps of pioneering Muslim Fintech projects of Kestrl and Rizq. NZF offered Zakat Masterclasses and personal Zakat consultations with our scholars.

We have introduced new ways to pay Zakat. Our new integrated PayPal payment gateway now accounts for 30% of all payments. We also started receiving Zakat payments in cryptocurrency.

We also raised awareness of the issue of Missed Zakat. We gave individual telephone consultations to ensure Zakat givers correctly calculated and paid any Zakat they may have missed over the years.

The impact of support to our givers

In 2021, the Zakat calculator was accessed over 38,000 times. NZF's Knowledge Bank articles available online received 155,000 hits. NZF responded to 789 emailed calculation queries and provided over 531 personal Zakat consultations by telephone. NZF Masterclasses had over 1,000 attendees.

Education Zakat recipient: Imam Faisal

Faisal is a UK Imam and teacher working in the heart of our communities. Imam Faisal wanted to develop his skills to support Muslims dealing with the adverse effects of COVID-19, so he applied to NZF for a grant to enrol onto a 'Responding to COVID-19 Islamic Counselling Course'.

Imam Faisal says *"For a community leader to assist individuals struggling with the aftermath of COVID-19, it is imperative that they see the bigger picture and have the requisite skills to understand and support them. I've learned invaluable practical skills including proactive listening and careful questioning to help two parties move past their dispute to a place of higher potential."*

The service we provide

We provide a full service for the giver, benefitting the giver and the recipient. The process is:

Calculate:

We help Zakat givers to work out how much Zakat they need to give based on their financial situation. We do this through a variety of calculation services including our easy-to-use online calculator, a historical Nisab calculator, one-to-one consultations with Zakat experts, email queries, online webinars, an up-to-date knowledge bank and Zakat guides.

Give:

Zakat givers choose at the time of payment as to where they would like their Zakat to go. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing & Work, and Education. Zakat givers also choose whether they would like to cover the Zakat distribution service (of checking and verification of people applying for funds) from their Zakat or through additional Sadaqah. We don't use Zakat for core costs or fundraising.

Distribute:

Apply: Those in need of Zakat apply online to NZF for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process. In 2021 we introduced an online self-assessment tool for applicants to instantly check if they meet the eligibility criteria in a few minutes, before completing the full application. This saves both applicant and Grants Officer time on applications that do not meet our eligibility criteria.

Check: The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat. In 2021 we improved efficiency in the verification process for applicants with more up-to-date and more robust financial checks for applicants via open banking, and tighter fraud security, including automated checks on applicant ID.

Decide: Our Grants Officers then work with applicants on a personal level to make sure we give them the right support. They aim to get back to applicants as quickly as possible with a decision.

Support: For recipients of a Hardship Grant, Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible, or via the Post Office. Where that is not possible, we send support in the form of electronic vouchers. For recipients of a Housing Grant, we work with a partner to deliver basic furniture, a fridge and a cooker where this is needed. For recipients of Work or Education Grants, Grants Officers offer funding for training and education to help applicants get into work and serve their communities. In addition, Grants Officers refer applicants to any additional funding or help they might be eligible to access.

The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations which provide support and funding to people in need. A Senior Grants Officer conducts regular internal audits ensuring quality is maintained.

NZF's Zakat policies and processes are endorsed and certified as sound by UK scholarly organisations: Islamic Shari'a Council and Markaz al-Ifta' wa'l-Qada'. Mufti Amjad Mohammed now conducts regular Shariah audits.

Track:

Live maps on our website show where Zakat has been received from and distributed to across the UK. We send out a personal email to let Zakat givers know when their Zakat has been distributed to those who need it.



Zakat Giver: Ahmed

"I love how easy it is and how transparent NZF are in showing the impact of Zakat on people's lives. Very few people are doing this!"

How we raised and spent funds

Income:

Our funds are comprised of Zakat from individuals and businesses, non-Zakat donations (Sadaqah, Riba and Fidyah/Kaffarah), institutional grants and Gift Aid.

In 2021, we generated total voluntary income of £6,275,347 (2020: £6,337,182). Total expenditure was £5,688,088 (2020: £5,219,342). We had net incoming resources in 2021 of £587,259 (2020 net incoming resources: £1,086,626).

The main source of our income was Zakat, comprising £4,686,166 (2020: £4,471,971). The majority of Zakat givers gave one-off payments rather than regular contributions. While givers gave 73% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This can mean there is a gap in timing between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat to individuals in need within a lunar year (11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within five to six months.

Despite the ongoing pandemic, in 2021 we sustained the significantly higher Zakat income levels achieved in 2020. The increase in 2021 reflects a growing individual donor base, growing 32% from 7,918 to 10,418 givers.

Islamic Relief contributed £200,000 funds at the year end in 2020 for NZF to distribute in the UK in 2021 (2020 total: £350,000). The NZF partnership with Islamic Relief was strengthened in 2021; discussions took place on how the charities would work together. Islamic Relief has committed to provide funds for distribution in 2022.

Givers continued to be offered choice about which funds their Zakat would support, and whether they would prefer a proportion of their Zakat to cover the distribution service or if they preferred making an additional Sadaqah donation for this service.

Throughout the year, we continued to raise Sadaqah funds to support the work of the organisation – this made a vital contribution towards enabling NZF to grow and achieve our vision. We received £662,832 (2020: £853,136) of unrestricted Sadaqah funds in the year which, along with £794,990 (2020: £737,330) of Gift Aid, was critical to cover core costs of the charity and to raise funds. NZF received £73,514 (2020: £130,214) Riba also used for core costs. Income for NZF services is now £0 (2020: £1,100). In previous years, this was a small category of additional income, received from the occasional renting out of unused office space for community activity. No further income is expected in this category in future years as we continue to operate a fully remote working operation.



Expenditure:

We continue to consult and listen to our givers. We distribute donations to people applying to funds in line with what givers ask for at the time of donation. All Zakat grants were given to eligible individuals in need who applied to a specific fund for Zakat. Applicants were able to apply to one or more of the following funds: Hardship Relief, Housing & Work and Education.

Of the £3,830,183 of Zakat/Zakat ul Fitr grants we distributed in 2021, 68% or £2,606,428 was distributed directly to eligible people in need by the Hardship Relief Fund (2020: 76%); 20% or £772,466 by the Housing & Work Fund (2020: 18%); and 12% or £451,289 by the Education Fund (2020: 5%); and 0% by the Leadership Investment Programme (2020: 1%) – this fund is no longer in use and will therefore not be reported on in future periods. We have increased the scope of the Education Fund to fund more extensive courses.

Total charitable costs of the distribution service were £931,483 (2020: £691,087). This distribution service checks that Muslims who apply for help are genuinely in need and takes great care to get the Zakat directly to them. The increased costs reflect the full impact of distribution staff recruited in the previous year. Costs are covered by Zakat and Sadaqah funds. Each Zakat giver chose to contribute to their distribution service either from Zakat or Sadaqah. Their contribution is capped at 10% of their Zakat.

We incurred support and governance costs of £154,843 (2020: £203,399) during the year. Governance costs relate to audit fees, professional fees, licence fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no Trustees received any remuneration. Support and governance costs equated to 2.7% (2020: 3.9%) of total spending. With a fully remote workforce and no physical office, we continued to save on rental and related utility costs.

The cost of raising funds was a further 8.3% (2020: 5.9%) of total spending, covered entirely by Sadaqah and other non-Zakat funds.

The capital expenditure for a new CRM to improve the experience for Zakat givers, other givers, applicants and all other users is now planned for 2022/3.

Cash reserves

Our Zakat grant cash reserves at the end of December 2021 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2022, when we anticipate many givers will give further Zakat.

Our non-grant reserves are also higher than anticipated, due to a delayed investment in IT projects.





Thank you

Zakat givers, organisations and partners have enabled NZF to support many people in hardship including emerging religious leaders and other community champions who are eligible to receive Zakat.

Recipients who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible, the Zakat givers who have chosen to give through NZF. On behalf of all of them and from us at NZF, thank you.

Individuals, organisations, agencies, community groups and mosques have helped those in need to access our services through signposting and submitting applications on their behalf.

In addition, our work is strengthened by partners.

We look forward to building upon existing relationships and forging new ones in 2022 and beyond.

Together, we have achieved genuine change, helping Muslims in the UK unlock their potential, individually and as a community, through the power of Zakat.



Our supporter community

Thank you to all our supporters, referrers and partners, including but not limited to:

Hardship Relief Fund
British Red Cross
East London Mosque
Hestia
Islamic Relief
Unity Centre, Glasgow
Horn of Africa People's Aid Northern Ireland (HAPANI)
NISA (Northern Ireland Somali association)
Muslim Women's Network
Bradford Foundation Trust
New Citizens' Gateway

Housing & Work Fund
North London Dental Centre
LabMedExpert
Crisis
Association of Muslim Schools
Chromium Group Of Companies Ltd
Refugee Council
Bradford Foundation Trust
C Supplies
Family Fund
St Mungo's
Thames Reach
Jet North
Hestia
Barnardo's (Northern Ireland Refugee Employment Support Service)
Breaking Barriers
Mercy Mission
RefuAid
Skills Pad
Caritas Anchor House

Education Fund
Cambridge Muslim College (CMC)
Markfield Institute of Higher Education (MIHE)
Al-Salaam
Common Purpose
Association of Muslim Schools
Happy
Clore Social Leadership
Citizens UK
Muslim Council of Britain
Aziz Foundation
Whitethread Institute
Stephen Maynard Islamic Counselling
Sakoon Education
Warwick University

Fundraising and other supporters
Kestrl
Amanah Advisors
Islamic Finance Guru
Rizq Digital Bank
My Ten Nights
Emerald Network
CUBE Network
Amaliah
Inspire FM
Euro Quality Foundation
Minted
Qardus
Islamic Impressions
Muslim Aid
Islamic Relief
Cambridge Central Mosque



Bringing Zakat to life in 2022 and beyond

It remains our commitment to uphold Zakat, the third pillar of Islam, for our community. We strive to provide a platform for UK giving that is grounded in our faith at the same time as adapting to changes in the environment to create the greatest impact.

Our new Chief Executive will lead the vision for a thriving closer Muslim community with a greater focus on the strategic aim of Zakat education to help people understand Zakat and its community-centred purpose. NZF seeks to propagate the concept of Zakat as an essential pillar in giving dignity within the community of Muslims, both givers and recipients of Zakat. We'll continue to raise awareness, educate and inform about Zakat across the country, providing online resources, consultation services and webinars. We'll also work with a range of networks and organisations to spread knowledge about Zakat even further.

NZF will explore moving from a digital-only distribution model to a hybrid model, including distribution via partnerships with existing charities working at the heart of local Muslim communities. This could include mosques, community centres and food banks. By working alongside grassroots organisations who already have recipients in need within their communities, NZF will provide these organisations with a supplementary service to enable them to offer financial help to Muslims quickly and with dignity. The intention is to improve accessibility to Zakat grants and embed Zakat within the community.

NZF, in partnership with the Bradford Foundation Trust and Bradford University, will pilot 'New Dawn' – a project which aims to support vulnerable Muslim refugees with grants to enable them to flourish as entrepreneurs as part of the Work Fund. This project may expand to other grassroots organisations who have a strong track record of working with and for their local Muslim communities.

The UK is gripped in a cost-of-living crisis with high inflation, high energy costs and decreases in benefits, which has disproportionately impacted the Muslim community. NZF received significantly higher volumes of applications at the end of 2021 and anticipates the trend to continue in 2022.

To meet further expected increases in applications, NZF is working to establish sustainable income sources for both Zakat grants and support and governance costs which are essential for maintaining exemplary governance. In addition to renewing funding partnerships with other charities and foundations, including Islamic Relief and Euro Quality Foundation, NZF is actively creating new partnerships with Muslim Aid and other charities.

Income in 2022 is uncertain, given the impact of the cost-of-living crisis. On balance, we expect Zakat income in 2022 to increase due to increased awareness of UK givers of need right here and from additional income from new funding partners.



In 2022, we intend to move forward with plans to update our Customer Relationship Management system (CRM) in order to improve the experience for givers and recipients. A specialist data analyst has been recruited at the end of 2021 to support the project. The research, assessment and approval of the CRM solution has been completed in preparation for the large-scale technology transformation project to commence after Ramadan. The project will deliver better technological support for the smooth functioning of all aspects of the organisation.

We'll continue to work with in-house and independent Islamic scholars, experts and practitioners to refine our Zakat policies and processes, which are both rooted in our faith and relevant to our time and place. Since NZF began, we have rigorously ensured our faith is at the heart of all we do. Our approach is certified as Shariah compliant by Mufti Amjad Mohammed, an external Shariah and Quality Auditor on behalf of the Markaz al-Ifta' wa'l-Qada'.

We'll continue to improve the way we let you know what we're doing with your giving. Our live maps continue to show where Zakat has been received from and distributed to across the UK. We'll send out a personal email to let you know when your own Zakat has been distributed to those who need it.

To maintain the high quality of the distribution service – the service of checking, verifying and distributing Zakat to people in need – Zakat givers will continue to choose whether they would like to cover the Zakat distribution service from their Zakat or through additional Sadaqah.

We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

And we'll continue to adhere to our values: being pioneering, faithful, purposeful and meticulous in all that we do.

"National Zakat Foundation (NZF) has been instrumental in advising and supporting Barnardo's Northern Ireland Refugee Employment Support Service. With NZF involvement, over 30 Syrian refugees have gained training, employment and advice helping them understand and navigate the cultural nuances of job seeking and CV building in the UK, preparing for interview, and gaining and maintaining meaningful employment. These individuals will through NZF financial support complete courses, gain licences, and achieve certification in skills to enhance their employability and financial income. Without NZF support these refugees would not have the financial means to achieve this.

Working with NZF, we hope to build on this success in the coming year as we plan to welcome many more beneficiaries, including Afghan refugees across 2022/23 into this provision. This model for employment support has already been considered as a blueprint for similar initiatives in other areas of Barnardo's work across the UK."
Geoff Phillips, Children's Service Manager, Barnardo's Refugee Support Service



Section 2

How we operate

Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement

We do this through:

Employee engagement surveys

Our employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2021, over 90% of participating employees agreed or strongly agreed that "the mission of NZF inspires" them. Employees know they can give feedback or put forward ideas at any time, and we have formal and informal mechanisms in place to facilitate this.

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Safeguarding policy and Code of Conduct that reflects this. We have made public our Safeguarding Commitment.

We have zero tolerance for harassment, bullying or exploitation in any form.

Equal opportunities and diversity

We have an Equality and Diversity policy in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

We encourage employees to develop within National Zakat Foundation to match their circumstances and aspirations. We support flexible working practices wherever possible.

We strive for continuous improvement and have formed a Diversity Working Group with participants from a variety of backgrounds and designations in the organisation. The aim is to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified.

Employees' remuneration

The Board determines the salary of the Chief Executive. The Board approves the principles for salaries of all employees.

The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. The Key Management Personnel of the charity comprises the CEO, Director of Services, Director of Communications and Director of Operations. There were significant changes in the Key Management Personnel in 2021. In November 2021, the CEO stepped down from his long-standing service. From August 2021 to November 2021, the new CEO served as a Deputy CEO for a transition period. During the year, the role title of Director of Marketing was amended to Director of Communications. An interim Director of Communications joined as a (maternity cover) consultant in December 2021.

We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. We have reviewed the way we set salaries to ensure consistency and fairness. Salaries are reviewed shortly after Ramadan each year. Any salary changes are effective from the following month.

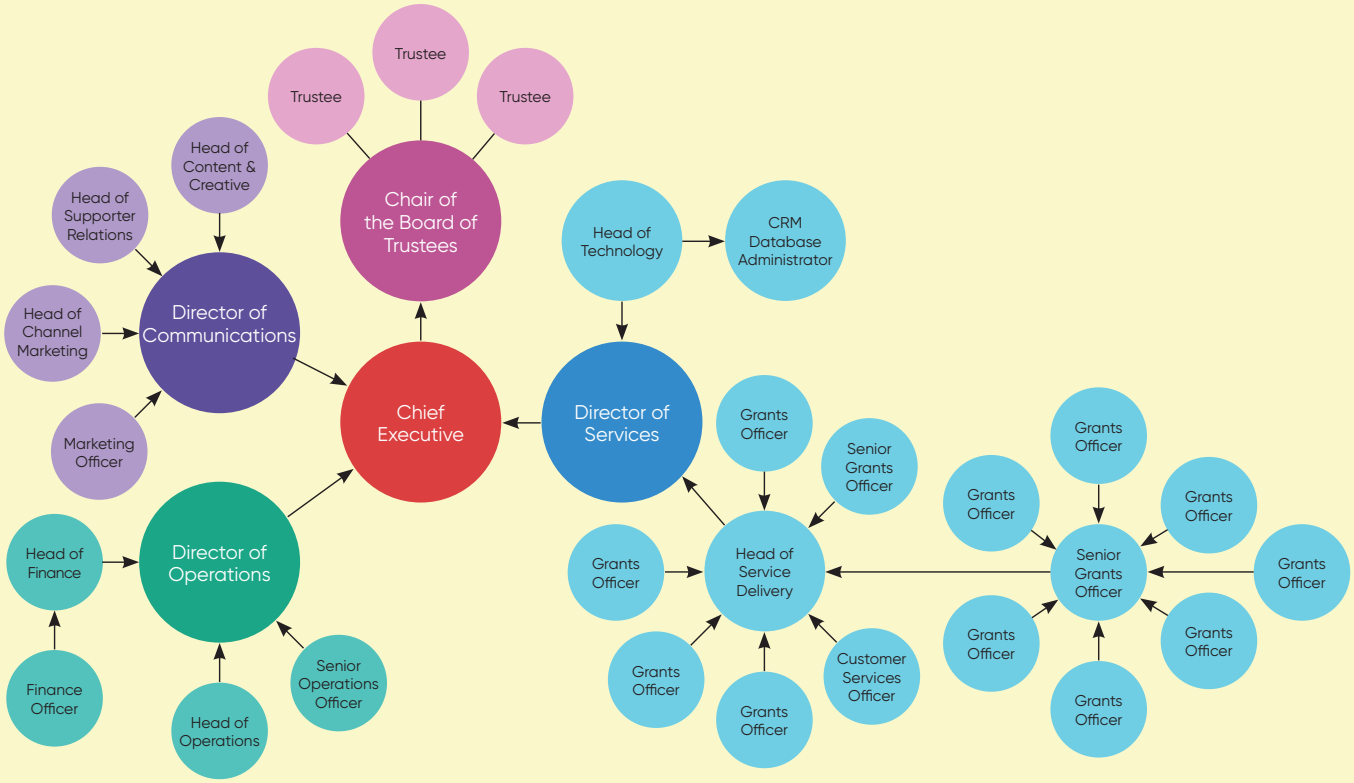


Volunteer Grants Officer: Ahmar

"As a humanitarian worker, I've travelled to Africa, Greece, Jordan, Lebanon, and Turkey to distribute Zakat and humanitarian aid. However, there is a growing need here in the UK. Previously as Project Manager for the UK Syrian Refugees Resettlement Scheme, I have travelled up and down the country to seek out the needy, from Weymouth in Dorset, to as far as Greenock in Scotland.

National Zakat Foundation caters for the Muslim ummah struggling nationally, and I am honoured to be a part of this great team. NZF is a transparent, honest and trustworthy Zakat Foundation; I have no doubt in recommending them, a trustable organisation serving the needs of Muslims in the UK. They are swift in dealing with Zakat cases. As a volunteer they have been very supportive in my training. The team is amazing and very helpful."

Our organisational structure



In 2021, we implemented a new people system for managing the team with access to unlimited professional HR advice. There were improvements in ease of employee access to policies and processes which are more easily and centrally located.

As part of the salaries review, the employment contract was revised. Appropriate employee benefits were introduced to ensure the calibre of team given the growing demands on and consequent size of NZF, while recognising that NZF is a charity which exists first and foremost for recipients and givers. These benefits comprised optional salary sacrifice and basic healthcare schemes.

Use of volunteers

Volunteers are a valued resource in our work. In 2021, we had 10 volunteers. Volunteers are supported and trained in their roles by employees and given assistance where required.

Volunteers have been involved in three areas: contributing professional services; caseworker administration; and raising awareness.

In 2021, six professionals within the Service development, Finance, Risk and Legal sectors contributed their time and professional services on a pro bono or reduced cost basis. We had two long-term volunteer Grant Officers contributing one day per week for seven and two months respectively. We had an additional two volunteers supporting the Operations team. The total value of services given in kind is approximately £52,500. This is not reflected in the financial statements.

We have supporters across the country who help communicate the work of NZF.

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events, or facilitating Zakat workshops/seminars locally.

We're thankful to have had this level of support from volunteers to achieve NZF's vision.

How we manage the money givers trust us with

Managing risk

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks. The charity has a Serious Incident policy in place and ensures that employees and Trustees have been trained on adhering to the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2020, an external Risk Analyst engaged in an in-depth review of the Risk Management policy and the Risk Register, supporting the Trustees. The Risk Analyst assessed Assurance as high or adequate in all areas of risk.

The most significant risks are:

Financial:

The risk of insufficient generation of non-Zakat funds to cover the cost of ensuring the grant gets to those who need it, as well to cover the core costs of the organisation and the cost of raising funds. This would affect NZF's ability to grow and meet the needs of eligible UK Zakat recipients. Historically, sufficient non-Zakat funds including Gift Aid have been generated to cover core costs of operations and the cost of raising funds.

This risk is being mitigated by ensuring that each giver covers the direct cost of getting their Zakat to recipients. Since February 2020, the Zakat giver can choose to give an additional Sadaqah donation to cover the cost of the distribution service– the service of checking, verifying and distributing Zakat to people in need.

The organisation's strategy and its key elements (e.g. budgetary review, cash resources and cashflow forecasting) are subject to regular management, Finance and Audit Committee and Board review, supported by operational updates and key operational metrics.

Independent risk analyst: Ruhall

"I found the organisation to be helpful and transparent, always looking to improve and be proactive. Having reviewed their risks, I am comfortable providing my Zakat to them and trust them completely."

People:
The risk of people leaving, lack of alignment to values, and/or lack of sufficient expertise. Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development. We have put in place staff training, with the team responsible for distributing Zakat grants to those in need additionally benefitting from counselling support. We have reviewed compensation to ensure it is in line with what skilled employees can expect.

Technology:
The risk of failure of key IT systems or IT infrastructure. This could result in loss of information, inability to operate or regulatory breaches.

The likelihood of this risk is being mitigated through operational systems, controls and improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include constant improvements to NZF's technological capabilities – for example, with the upgrade of our CRM system. This is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF has cyber insurance to mitigate the impact of the risk.

Reputation and GDPR:
The risk of incidents that damage reputation and/or negatively impact operations (including recipients of Zakat grants, suppliers and GDPR breaches).

We carefully assess recipients of Zakat grants to ensure eligibility and likely impact, taking an approach that is proportionate to the size of the Zakat grant. We carefully assess suppliers to ensure they are viable, low-risk and can support us with quality work. We involve the Board where financial amounts are significant. We have put GDPR-compliant systems in place which are well above the minimum standard required and conduct an annual GDPR check.

Safeguarding:
The risk that people who encounter the charity are not protected from harm.

This risk is being mitigated by ensuring NZF has a Safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We will continue to provide safe places, encourage the confidence to report any issues, and take consistent action.

Our approach to operations

We made continuous improvement in the use of our Customer Relationship Management (CRM) system for applicants' and payers' records. We also further embedded the use of our Accounting System, Accounts IQ.

Our public fundraising approach

Almost all our funds come from the public and our aim is to ensure we raise funds in both a respectful and compelling way that is consistent with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We work diligently to comply with the Code of Fundraising Practice.

The Director of Communications managed most income-generation activities, guided and monitored by the Chief Executive, with overall oversight by the members of the Board. The charity's employees and consultants carry out fundraising activities for the charity. In 2021, we did not use professional fundraisers.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year who agree to be contacted in this way – individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

We consider that our processes and controls ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

We actively encourage supporters to contact us with any feedback. No complaints relating to fundraising activities have been received by the charity during this financial period. We have in place procedures that would be followed in the event of a complaint being received, and these procedures are made publicly available on our website.

Charity Clarity reviewed NZF for how it is run and awarded a rating of 3.65/5. Charity Clarity provides robust independent rating and assessment of charities. The average rating of charities on their website is 2.92. The average rating of Muslim charities selected by Charity Clarity as comparable to NZF is 3.24.

https://www.charityclarity.org.uk/charities/national-zakat-foundation/.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data that they collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing and supporter data privacy, consent and preference management. We hold an annual GDPR review.

We consider that every member of staff has a role to play, and we have regular training to ensure we're all familiar and compliant with the new requirements.



How we are governed

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company. In 2020, the Board refreshed the Articles of Association to ensure the charitable objectives and Trustee powers were up to date.

The Board is currently made up of four members. The Trustees who served during the period and up to the date of this report are set out on page 38.



"Against the devastating backdrop of Muslims in the UK falling into poverty at a rate 10 times higher than the national average, the need for NZF has never been greater. With that has come the challenge of ensuring that NZF continues to grow and adapt to meet this unprecedented need. As a Trustee I am pleased to observe the resolute focus and commitment of the NZF team, at all levels, to meet this challenge and ensure our purpose as a charity is being met. NZF's commitment to streamline processes and facilitate giving is stronger than ever, connecting even more Zakat givers with those who desperately need it in our local communities."
Anisa Hanif, Trustee and Associate General Counsel (Alliances & Acquisitions) at McKinsey & Company



The Board meets at a minimum four times a year.

In addition, the Board has a Finance and Audit Committee (FAC) which meets regularly, usually shortly before each Board meeting. The FAC promotes and safeguards the highest standards of integrity, financial reporting and internal control; it also oversees the organisation's risk management processes and any capital spend projects. FAC membership includes a co-opted experienced member who is independent, not a Board member. There was a proposal to introduce a separate Risk Management Committee during 2022, with the focus to utilise new Trustee skills in overseeing the further development of risk management.

Trustees are rotated over a medium- to long-term basis, to provide fresh ideas and to avoid complacency in the role.

The Chief Executive and employees make operational decisions and run the charity. The Chief Executive or Line Manager (as appropriate) sets and agrees objectives with employees to ensure that the strategic objectives of the charity are being met. The Chief Executive or Line Manager (as appropriate) also ensures employees who have direct contact with recipients are regularly supported, trained and assessed to ensure their communication is in line with the charity's values.

Organisational purpose: Public benefit

The Trustees confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the work of the charity is in line with its objects; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; and that there is no detriment or harm arising from any of the activities.

How we are governed continued

Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and an alignment of their values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive. The Board has defined a clear pathway for appointing new Trustees which allows opportunity to assess their skills and suitability before they are invited to serve as Trustees. Potential Trustees will serve initially as Advisors to a Working group of which they may become a member after attending two Working group meetings. The pathway allows progression to then serve as Advisor to the Board and finally to serve as a Board member after attending two to three Board meetings. Progression at each stage is decided by the Chair of Trustees after consultation with the Board.

Trustees access internal and external training as required. The number of Trustees is within the range recommended by the Governance Code.

We are working on ensuring the profile of Trustees is broadly representative of the people we are trying to help and the givers and recipients we serve. We have an Advisor with lived experience of poverty.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their trusteeship.

Openness and accountability

We make our charity's impact accessible to donors and stakeholders through our website and update it on an ongoing basis. We regularly share stories of our recipients on our website and in external messaging.

We fully disclose details of our Trustees and their biographies on our website.

We have a Disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

"As an elected member in the London borough of Barking & Dagenham, I regularly encounter hard-working individuals struggling with basic necessities. The pandemic has impacted everyone. However, it is those most vulnerable in our community that have been severely affected. We are living in unprecedented times; food banks are on the rise due to the increasing cost of living.

NZF ensures that Zakat, the third pillar of Islam, is diligently being deployed to those truly in need within the Muslim community. I am honoured to serve NZF as an Advisor to the Board. Established 10 years ago, NZF has laid down solid foundations providing a platform where collecting and distributing Zakat plays a pivotal role in responding to the call of the poor and needy in the UK. Being such an important pillar that has real potential to tackle poverty, NZF's presence has given it the credibility it deserves by addressing many of the socio-economic issues our society is crying out for today."
Councillor Saima Ashraf, Advisor to Board and Deputy Leader of the London Borough of Barking & Dagenham



Integrity

NZF's Board of Trustees has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement.

We have a monthly Shariah audit undertaken by Mufti Amjad Mohammed, an external Shariah and Quality Auditor, on behalf of the Markaz al-Ifta' wa'l-Qada'.

We welcome the 2017 Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector. The Chair has undertaken a review of its current practice compared to that recommended in the Governance Code. Building on this, in 2021 we had an independent review of NZF in relation to the seven areas of the Governance Code. All Trustees and key management personnel provided feedback. The independent reviewer concluded NZF performed well on all the areas, and strongest in the area of Integrity and Leadership. An important aim of the review was to seek areas for improvement, and recommendations were given for developing Equality, Diversity and Inclusion throughout NZF. Both the Board and the Finance and Audit Committee take feedback on board and regularly implement aspects for improved governance. The Board has established a Diversity Working group and will identify further areas for improvement over time. This is part of the continued concern of the Trustees to constantly improve the effectiveness of the organisation.

We have a Serious Incidents policy. There were no serious incidents in 2021.

We have a Conflicts of Interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold the position.

We meticulously account for all our income from all sources, including Gift Aid.

Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation. We have formed a Diversity Working group with the aim to promote good governance by helping the Board assess diversity at NZF from the perspective of staff, givers and recipients, and recommend improvements if identified. The Working Group comprises members of a variety of diverse backgrounds and designations in the organisation.

Trustees and employees are from a range of backgrounds. All Trustees have an ethnic minority background. We currently have three male Trustees and one female Trustee. The charity is BAME-led. In addition to the Chief Executive, there are three members of the Senior Leadership Team: two females and one male.

Environmental impact

We are also constantly striving to reduce the charity's impact on the environment.

The main method of giving is online through the website, and the second most popular method is online bank transfers.

Most charitable activity continues to be online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Since COVID-19, all educational events (webinars etc.) are held online.

All donor and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Due to COVID-19, since March 2020, most meetings are held online. Despite easing restrictions nationwide, all staff continue to work fully remotely. Our IT systems continue to work well to enable employees to work effectively.

How we are governed continued

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

NZF Worldwide is committed to:

- Represent the National Zakat Foundation brand at international forums surrounding Islamic finance/wealth management and philanthropy
- Seek opportunities to showcase the NZF UK case study in global Zakat forums
- Facilitate cooperation between NZF entities across the globe to improve the efficiency and effectiveness of asset creation

In 2021, NZF Worldwide represented NZF UK at various global forums. NZF Worldwide presented the NZF model to the United Nations Development Programme (UNDP). NZF Worldwide used the NZF UK model to design and model a sovereign Zakat fund in Somalia and Somaliland with UNDP. NZF Worldwide assisted and reviewed UNRWA's (United Nations Relief and Works Agency) Zakat operations in Palestine, referring to NZF UK as a case study.

In addition, NZF Worldwide organised monthly forums for NZF UK with other NZF member countries to learn best practices. NZF Worldwide has published four guidance documents on Zakat management for NZF UK and all other NZFs across the world in 2021.

NZF UK also benefits from services provided by NZF Worldwide, in line with a Service Level Agreement. NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. NZF Worldwide delivered Zakat training and presentations to support Zakat payers in their payments to NZF. NZF Worldwide reviewed and updated the knowledge bank of Zakat queries to support Zakat payers in their Zakat payments, including the guidance on debts to facilitate a better experience for Zakat payers.

NZF Worldwide developed Zakat Standards to guide the operations of NZF UK and supported staff with operational queries. In addition, NZF Worldwide conducted a Zakat review of operations and produced an independent report with recommendations to improve. In line with the NZF WW Audit Framework, the Auditor was of the view that **"The overall governance is excellent and the Foundation has a robust framework covering major key areas. We found the policies to be sound and comprehensive. Financial controls are in place, ensuring that funds are segregated correctly."** The Zakat Auditor made recommendations to strengthen grant distribution controls further.



Independent Charity Governance Expert: Nasir Ahmed:

"As a charity I always found NZF unique in that they are focused on the cause of collecting and distributing Zakat in the UK. Having met and worked with the team to carry out a governance review earlier this year, I feel even more confident that my money will go the right cause. During this review I found the team to be very professional and dedicated to ensuring Zakat is distributed as per the Islamic guidance on the subject. Furthermore, despite already high standards on controls and governance the team is always looking for ways to develop and improve the organisation."

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed, at both the Finance and Audit Committee and the Board.

The Trustees have reviewed the reserves of the charity with independent expert input.

Each year, substantial non-Zakat funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The charity's total funds at the year-end amounted to £3,477,800 of which £1,629,509 were unrestricted general funds and £1,848,291 were restricted funds for distribution to Zakat-eligible individuals i.e. not available for general purposes. The Zakat distribution reserves were high at year end. Zakat grants spend for the year was £184,000 (5%) below the revised budget. Corrective action was taken to meet spend targets and in January 2022 record levels of Zakat grants were distributed to meet targets. This increase in spend was partly in response to a 90% increase in Zakat applications in January 2022 compared to the same period last year.

The Trustees consider that unrestricted general reserves are at a level that cover and exceed three months of core costs (operations salaries, office charges and cost of raising funds, less the costs of depreciation/amortisation) and that these are sufficient for this purpose at the current time and in line with reserves policy. There are no material amounts designated or otherwise for the reporting period.

Investment policy and performance

National Zakat Foundation holds all short-term investments as non-interest bearing cash. The objective of our investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Investment income in 2021 was £2,288 (2020: £9,200).

Going concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future. The Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. COVID-19 has not to date impacted our ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.



Our leadership team

TRUSTEES

Sultan Choudhury OBE (Chair)

Sabah Gilani OBE (resigned 7 June 2021)

Anisa Hanif (joined 19 November 2021)

Azim Kidwai

Muhammed Yesilhark

CHIEF EXECUTIVE

Iqbal Nasim MBE (resigned 26 November 2021)

Sohail Hanif (appointed 27 November 2021)

AUDITOR

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

BANKERS

Al Rayan Bank
394 Coventry Road
Small Heath
Birmingham
B10 0UF

Lloyds Bank
PO Box 1000
BX1 1LT

SOLICITORS

Bates Wells
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

124 City Road
London
EC1V 2NX

Statement of Trustees' responsibilities

The Trustees (who are also directors of National Zakat Foundation (NZF) for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors is aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board

Sultan Choudhury OBE
Chair of Trustees

27 June 2022

Section 3

Financial statements

Independent auditor's report to the members of National Zakat Foundation (NZF)

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation (NZF)'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' annual report, including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report to the members of National Zakat Foundation (NZF) continued

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard
(Senior statutory auditor)

6 July 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities
for the year ended 31 December 2021

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations and Legacies							
Hardship Relief	2		3,017,547	**3,017,547**		2,934,877	2,934,877
Housing and Work	2		881,225	**881,225**		858,134	858,134
Education	2		423,869	**423,869**		336,246	336,246
Other	2	1,952,706		**1,952,706**	2,207,925		2,207,925
Charitable activities				**–**			–
Investment income	3	2,288	–	**2,288**	9,200	–	9,200
TOTAL INCOMING RESOURCES		**1,954,994**	**4,322,641**	**6,277,635**	**2,217,125**	**4,129,257**	**6,346,382**
RESOURCES EXPENDED							
Raising funds	4	474,069	–	**474,069**	321,760	–	321,760
Charitable activities							
Hardship Relief	4	711,504	2,606,428	**3,317,932**	612,818	2,891,818	3,504,636
Housing and Work	4	210,880	772,466	**983,346**	165,524	671,570	837,094
Education	4	137,619	451,289	**588,908**	81,567	177,280	258,847
Leadership Investment	4		–	**–**		59,434	59,434
Zakat Education and Calculation	4	323,833	–	**323,833**	237,571	–	237,571
TOTAL RESOURCES EXPENDED		**1,857,905**	**3,830,183**	**5,688,088**	**1,419,240**	**3,800,102**	**5,219,342**
Net income/(expenditure)		97,089	492,458	**589,547**	797,885	329,155	1,127,040
Transfer between funds	14	–	–	**–**	(632,808)	632,808	–
Other recognised							
Net gains (losses) on disposal of tangible fixed assets	10	–		**–**	(40,415)		(40,415)
Net movement in funds		97,089	492,458	**589,547**	124,662	961,963	1,089,625
Reconciliation of funds:							
Total funds brought forward	13	1,532,420	1,355,833	**2,888,253**	1,407,758	393,870	1,801,628
Total funds carried forward		**1,629,509**	**1,848,291**	**3,477,800**	**1,532,420**	**1,355,833**	**2,888,254**

Balance sheet
as at 31 December 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	10	**5,873**	1,816
Intangible assets	10	**66,540**	127,213
		72,413	**129,029**
CURRENT ASSETS			
Debtors	11	**144,415**	88,514
Cash at bank and in hand		**2,683,126**	2,695,306
Deposit accounts		**892,257**	6,536
		3,719,798	**2,790,356**
LIABILITIES			
Creditors: amounts falling due within one year	12	**(314,411)**	(31,132)
TOTAL NET CURRENT ASSETS OR LIABILITIES		**3,405,387**	**2,759,224**
TOTAL NET ASSETS OR LIABILITIES		**3,477,800**	**2,888,253**
THE FUNDS OF THE CHARITY			
Unrestricted funds			
Designated funds	13	**–**	–
General funds	13	**1,629,509**	1,532,420
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	13	**1,848,291**	1,355,833
TOTAL FUNDS		**3,477,800**	**2,888,253**

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2016).

Approved by the Board on 27 June 2022 and signed on its behalf by:

Sultan Choudhury OBE
Chair of Trustees

Statement of cash flows
for the year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	**677,120**	1,180,449
Cash flows from investing activities:		
Dividends, profit and rents from investments	**2,288**	9,220
Proceeds from the sale of property, plant and equipment		2,755
Purchase of property, plant and equipment	**(5,867)**	(120,788)
Proceeds from sale of investments	**–**	–
Deposit account greater than 3 months	**(885,721)**	1,210,800
Net cash provided by (used in) investing activities	**(889,300)**	**1,101,967**
Cash flows from financing activities:		
Repayments of borrowing	**–**	–
Cash inflows from new borrowing	**200,000**	–
Receipt of endowment	**–**	–
Net cash provided by (used in) financing activities	**200,000**	–
Change in cash and cash equivalents in the reporting period	**(12,180)**	2,282,416
Cash and cash equivalents at the beginning of the reporting period	**2,695,306**	412,890
Change in cash and cash equivalents due to exchange rate movements	**–**	–
Cash and cash equivalents at the end of the reporting period	**2,683,126**	**2,695,306**
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	**589,547**	1,086,625
Adjustments for:		
Depreciation charges	**62,483**	69,859
(Gains)/losses on investments	**–**	–
Dividends, interest and rents from investments	**(2,288)**	(9,200)
Loss/(profit) on the sale of fixed assets	**–**	41,415
(Increase)/decrease in stocks	**–**	–
(Increase)/decrease in debtors	**(55,901)**	(12,166)
Increase/(decrease) in creditors	**83,279**	3,916
Net cash provided by (used in) operating activities	**677,120**	**1,180,449**
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	**2,683,126**	2,695,306
Total cash and cash equivalents	**2,683,126**	**2,695,306**

Notes to the financial statements
for the year ended 31 December 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1 Legal status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales, and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is 124 City Road London EC1V 2NX.

1.2 Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Charities SORP (FRS102, effective 1 January 2016), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The National Zakat Foundation meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The Trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 39.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

In the view of the Trustees the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

1.4. Volunteers

Volunteers support the work of National Zakat Foundation in three ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

Grant Officer support

Volunteer Grant Officers, both short-term and long-term, have worked with the Zakat distribution team to provide assistance in the processing of Zakat applications and queries. Volunteer Grant Officers have direct interaction with Zakat applicants. The role is one that provides invaluable experience of being on the front line. Volunteers are supported and trained in their roles by employees and given assistance where required.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/seminars.

Due to the difficulty in valuing the total contribution of volunteer time and skills, the value of services provided by volunteers has not been included in the financial statements.

1.5. Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the investment income paid or payable by the bank.

1.6. Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT incurred and is reported as part of the expenditure to which it relates.

Charitable activity comprises those costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries. It comprises costs that can be allocated directly to such activities. Costs of raising funds comprises the costs associated with attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

1.9 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Notes to the financial statements continued

1.10 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short term investments with a maturity of four months; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the year.

1.11 Tangible and intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	–	Straight line over 5 years
Fixtures, fittings and equipment	–	Straight line over 3 years
Intangible assets	–	Straight line over 3 years

All items of expenditure greater than £750 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.12 Operating leases

The charity classifies the lease of office equipment and office space as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Zakat	416,370	4,269,796	**4,686,166**	406,145	4,065,826	4,471,971
Zakat-ul-Fitr	–	25,639	**25,639**	–	33,646	33,646
Fidyah and Kaffarah	–	27,206	**27,206**	–	29,785	29,785
Sadaqah	662,832	–	**662,832**	853,136	–	853,136
Riba	73,514	–	**73,514**	130,214	–	130,214
Income for NZF services	–	–	**–**	1,100	–	1,100
Gift Aid	794,990	–	**794,990**	737,330	–	737,330
Legacy Income	5,000	–	**5,000**	–	–	–
Grant income	–	–	**–**	80,000	–	80,000
	1,952,706	**4,322,641**	**6,275,347**	**2,207,925**	**4,129,257**	**6,337,182**

Zakat:
We use all Zakat for charitable activity. (2020:100%) We do not use Zakat to raise funds or for core costs.

In 2020, Islamic Relief contributed £350,000 Zakat to National Zakat Foundation. £200,000 of this was received at the year end and was distributed in 2021.

Zakat-ul-Fitr: The use of funds is restricted to providing cash grants for food for the poor and needy.

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

3. INVESTMENT INCOME

	Total funds 2021 £	Total funds 2020 £
Income on deposits	**2,288**	9,200
	2,288	9,200

4. ANALYSIS OF EXPENDITURE

Expenditure by activity

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Zakat-ul-Fitr grants	2,606,428	772,466	451,289	–	**3,830,183**	–	**3,830,183**	3,800,103
Direct employees costs	388,009	101,576	58,781	60,129	**608,495**	82,179	**690,674**	472,798
Direct costs	236,037	83,385	63,695	248,220	**631,337**	381,051	**1,012,388**	743,042
Support and governance costs	87,458	25,919	15,143	15,484	**144,004**	10,839	**154,843**	203,399
	3,317,932	**983,346**	**588,908**	**323,833**	**5,214,019**	**474,069**	**5,688,088**	**5,219,342**

Prior Year

	Hardship Relief £	Housing & Work £	Education £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2020 £	Total 2019 £
Zakat and Zakat-ul-Fitr grants	2,891,819	671,570	177,280	59,434	–	3,800,103	–	**3,800,103**	2,979,062
Direct employees costs	256,908	71,058	32,813	–	44,343	405,122	67,676	**472,798**	380,989
Direct costs	227,439	64,631	38,238	–	172,888	503,196	239,846	**743,042**	696,416
Support and governance costs	128,470	29,835	10,516	–	20,340	189,161	14,238	**203,399**	211,987
	3,504,636	**837,094**	**258,847**	**59,434**	**237,571**	**4,897,582**	**321,760**	**5,219,342**	**4,268,454**

Notes to the financial statements continued

Expenditure by income type

	Hardship Relief £	Housing & Work £	Education £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2021 £	Total 2020 £
Zakat and Zakat-ul-Fitr grants	2,580,789	772,466	415,289	–	**3,804,544**	–	**3,804,544**	3,766,456
Direct employees costs	25,639	–	–	–	**25,639**	–	**25,639**	33,646
Direct costs	251,890	76,225	44,532	–	**372,737**	–	**372,737**	380,260
Support and governance costs	459,524	134,655	93,087	323,833	**1,011,099**	474,069	**1,485,168**	1,038,980
	3,317,932	**983,346**	**588,908**	**323,833**	**5,214,019**	**474,069**	**5,688,088**	**5,219,342**

Prior Year

	Hardship Relief £	Housing & Work £	Education £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2020 £	Total 2019 £
Zakat and Fidyah/ Kaffarah	2,858,172	671,570	177,280	59,434	–	3,766,456	–	**3,766,456**	2,979,062
Zakat-ul-Fitr	33,646	–	–		–	33,646	–	**33,646**	10,682
Zakat – for direct costs	288,561	67,801	23,898		–	380,260	–	**380,260**	425,984
Sadaqah, Riba, Gift Aid and other income	324,527	97,723	57,669		237,571	717,220	321,760	**1,038,980**	852,726
	3,504,636	**837,094**	**258,847**	**59,434**	**237,571**	**4,897,582**	**321,760**	**5,219,342**	**4,268,454**

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2021 £	2020 £
Support costs		
Office administration	**57,107**	53,617
Office Services excl depreciation	19,635	23,148
Depreciation	4,844	69,859
Office services:	**24,479**	93,007
Governance (incl external audit)	**73,257**	56,776
	154,843	**203,399**

Governance costs:		
Audit fees	**10,320**	10,530
Auditor fees for non-audit services	**–**	–
Other professional fees	**9,631**	4,330
Licence fee and compliance costs	**29,610**	27,547
Staff costs	**23,696**	14,369
	73,257	**56,776**

During 2021, other professional fees consisted of legal fees and external accountancy services.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

Programme	Organisation	Project	2021 £	2020 £
Leadership Investment	Muslim Council of Britain	Centre for Media Monitoring	–	59,434
			–	**59,434**

7. NET INCOMING RESOURCES

	2021 £	2020 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	**–**	(932)
Losses on disposal of fixed assets	**–**	41,347
Depreciation and other amounts written off fixed assets	**62,483**	69,859
Total depreciation and other amounts written off fixed assets	**62,483**	110,274
Operating lease charges	**–**	36,074
Auditor's remuneration (Including VAT):		
Audit fees	**10,320**	10,530
Non-audit fees	**–**	–

Notes to the financial statements
continued

8. ANALYSIS OF EMPLOYEES COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2021 £	2020 £
Employment costs:		
Wages and salaries	**690,133**	516,822
Social security costs (employers NI)	**63,280**	40,890
Employer pension contribution	**15,316**	8,485
	768,729	**573,398**

No employee (2020: no employee) had employee benefits in excess of £60,000.

Employees costs exclude amounts paid to external consultants in 2021 of £4,167 (2020 £121,308). This amount reflects the consultant Interim Director of Communications who joined in November 2021. The Director of Marketing and the Head of Technology previously providing services as consultants joined as employees. The consultant Director of Fundraising did not continue in service in 2021.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2020: £nil). In 2021, no Trustee was reimbursed for travel expenses (2020: £nil). No charity Trustee received payment for professional services or other services supplied to the charity (2020: £nil).

There were significant changes in Key Management Personnel in 2021. In November 2021 the CEO stepped down from his long-standing service. From August 2021 to November 2021 the new CEO served as a Deputy CEO for a transition period. During the year the role title of Director of Marketing was amended to Director of Communications. An interim Director of Communications joined (as a maternity cover) consultant in December 2021. The Key Management Personnel of the charity comprised the CEO, Director of Services, Director of Communications and Director of Operations. Their employee benefits total £190,224 (2020: £170,252) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Employee numbers:

The average number of persons employed by National Zakat Foundation whether on a full-time or part-time basis during the period was as follows:

Employee numbers

	2021 FTE	2020 FTE
All team	**20.5**	**16.5**

Average employee numbers by team

	2021 No.	2020 No.	2021 FTE	2020 FTE
Services	16	13	13.5	11.0
Marketing	3	3	3.5	3.0
Operations	4	3	3.5	2.5
	23	**19**	**20.5**	**16.5**

9. TAXATION

The National Zakat Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

10. INTANGIBLE AND TANGIBLE FIXED ASSETS

	INTANGIBLE £	TANGIBLE Buildings £	TANGIBLE Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2021	194,829	–	16,617	211,446
Additions in year	–	–	5,867	5,867
Disposals in year	(12,810)	–	(6,013)	(18,823)
At 31 December 2021	**194,829**	**–**	**16,617**	**198,490**
Depreciation				
At 1 January 2021	67,616	–	14,801	82,417
Charge for the year	60,673	–	1,810	62,483
Eliminated on disposal	(12,810)	–	(6,013)	(18,823)
At 31 December 2021	**115,479**	**–**	**10,598**	**126,077**
Net book value at 31 December 2021	**66,540**	**–**	**5,873**	**72,413**
At 31 December 2020	127,213	–	1,816	129,029

The disposals relates to redundant software developed for the website.

11. DEBTORS

	2021 £	2020 £
Trade debtors	**–**	–
Accrued income	**10,267**	12,997
Prepayments	**64,729**	1,350
Other debtors	**69,419**	74,167
	144,415	**88,514**

Notes to the financial statements continued

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	**49,056**	16,410
Taxation and social security	**–**	–
Accruals and deferred income	**56,981**	10,650
Other creditors	**208,374**	4,072
	314,411	**31,132**

A £200,000 interest-free COVID-19 loan from the Resilience and Recovery Fund was provided by British Business Bank in 2021. This was paid off in February 2022.

Some Zakat grants are approved in principle for periods which extend past the year end date. Subsequent period Zakat grants represent planned future commitments but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress.

As at 31 December 2021, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2020: £nil).

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Fund balances at 31 December 2020 as represented by:				
Tangible and intangible fixed assets	72,413	–	**72,413**	129,029
Net current assets	1,557,097	1,848,291	**3,405,387**	2,759,223
	1,629,509	**1,848,291**	**3,477,800**	**2,888,253**

Prior Year

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Fund balances at 31 December 2019 as represented by:				
Tangible and intangible fixed assets	129,029	–	**129,029**	122,269
Net current assets	1,403,391	1,355,833	**2,759,223**	1,679,359
	1,532,420	**1,355,833**	**2,888,253**	**1,801,628**

14. ANALYSIS OF FUNDS

	1 January 2021 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2021 £
Unrestricted designated	–			–	–
General funds	1,532,420	1,954,994	(1,857,905)	–	1,629,509
Total unrestricted funds	**1,532,420**	**1,954,994**	**(1,857,905)**	**–**	**1,629,509**
Zakat funds	1,355,833	4,269,796	(3,777,338)		1,848,291
Zakat-ul-Fitr	–	25,639	(25,639)		–
Fidyah and Kaffarah	–	27,206	(27,206)		–
Total restricted funds	**1,355,833**	**4,322,641**	**(3,830,183)**	**–**	**1,848,291**
	2,888,253	**6,277,635**	**(5,688,088)**	**–**	**3,477,800**

Prior Year

	1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2020 £
Unrestricted designated	779,475			(779,475)	–
General funds	628,283	2,218,057	(1,460,587)	146,667	1,532,420
Total unrestricted funds	**1,407,758**	**2,218,057**	**(1,460,587)**	**(632,808)**	**1,532,420**
Zakat funds	393,870	4,065,826	(3,736,671)	632,808	1,355,833
Zakat-ul-Fitr	–	33,646	(33,646)		–
Fidyah and Kaffarah	–	29,785	(29,785)		–
Total restricted funds	**393,870**	**4,129,257**	**(3,800,102)**	**632,808**	**1,355,833**
	1,801,628	**6,347,314**	**(5,260,689)**	**–**	**2,888,253**

15. OPERATING LEASE COMMITMENTS

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Office equipment		Total	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Due within one year	–	–	–	–	–	–
Due between two to five years	–	–	–	–	–	–
Due in over five years	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**

Notes to the financial statements
continued

16. RELATED PARTIES

Azim Kidwai is a Trustee of NZF and a Director of NZF Worldwide.

In 2021, NZF paid £24,000 (2020: £24,000) to NZF Worldwide in License Fees as part of a brand licensing agreement. NZF paid £24,000 (2020: £24,000) to NZF Worldwide as part of a Service Level Agreement.

In return, in 2021, NZF Worldwide presented the NZF model to the United Nations Development Programme (UNDP). NZF Worldwide used the NZF UK model to design and model a sovereign Zakat fund in Somalia and Somaliland with UNDP. Furthermore, NZF Worldwide assisted and reviewed UNRWA's (United Nations Relief and Works Agency) Zakat operations in Palestine, referring to NZF UK as a case study. In addition, NZF Worldwide organised monthly forums for NZF UK with other NZF member countries to learn best practices. NZF Worldwide has published four guidance documents on Zakat management for NZF UK and all other NZFs across the world in 2021.

In line with the Service Level agreement, NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. NZF Worldwide delivered two months of Zakat consultancy to NZF UK in the Ramadan period ensuring that donors to NZF UK have calculation support in relation to their Zakat payments.

In addition, NZF Worldwide conducted a Zakat review of operations and produced an independent report. In line with the NZF WW Audit Framework, the Zakat Auditor was of the view that "the Foundation has a very good framework and policies in place…The Zakat Auditor commends the overall progress, the work and determination that the Foundation espouses in its operations." The Zakat Auditor made recommendations to strengthen grant distribution controls further.

Muhammed Yesilhark is a Trustee of NZF and has a substantial interest in Shamaazi Ltd. In 2021, NZF paid £100,000 (2020: £60,000) to Shamaazi for featuring NZF within the 'My Ten Nights' giving app. £55,000 is carried forward for being featured in 2022.

In 2021, total Trustee donations amounted to £3,803.85 (2020: £2,936.83).

17. POST BALANCE SHEET EVENT

A £200,000 interest-free COVID-19 loan from the Resilience and Recovery Fund was provided by British Business Bank in 2021. This was paid off in February 2022.

Helping you bring Zakat to life where you live

Working towards a thriving, closer Muslim community

National Zakat Foundation

National Zakat Foundation is a registered charity in England and Wales (1153719)

NATIONAL ZAKAT FOUNDATION (NZF)

England & Wales - Charity number 1153719

Accounts



Impact Report

and financial statements
for the year ended
31 December 2020

National Zakat Foundation

National Zakat Foundation (NZF) Charity number: 1153719 Company number: 08536743

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This Impact report includes the Trustees' annual report as required by the SORP and a directors' report as required by company law

Introduction from the Chief Executive and Chair

Assalamu alaikum, Peace be upon you

With God's help, National Zakat Foundation's (NZF's) Zakat givers and our supporters have been part of something amazing.

In 2020, over 7,000 Muslims and, for the first time, international aid charity Islamic Relief UK, trusted NZF to distribute their Zakat within the UK.

In 2020, as COVID-19 affected us all, everything changed. We switched from having a physical presence to being fully and only online – for applicants, for givers and for the team. Thankfully this was a smooth transition. Applications for support increased significantly. We shared this need with the community and you responded.

We distributed £3.8m of your Zakat – and you supported over 13,000 people in need through NZF, over twice as many as in 2019.

In late 2020, owing to the unusually high rate of distribution, we launched an appeal, 'Zakat is Running Out', as it looked like we would not have enough Zakat to reach all those who needed it. Once again, the response was strong and meant that we didn't have to turn anyone away due to lack of funds.

As we go into our tenth year, we celebrate that since we launched in 2011, Zakat givers have entrusted over £20m of Zakat to NZF and helped over 30,000 people in need. You've continued to help individuals and families who have fallen on hard times or who are unable to move forward in their lives due to their financial circumstances.

And we've continued to work together with committed partner organisations and individuals who both refer applicants and help them to apply. Almost every day, Muslims in need in the UK get in touch to let us know about the truly life-changing way Zakat has helped them at a time when they felt like they had nowhere else to turn.



Through our Zakat Education services, we've helped existing and potential Zakat givers understand how to calculate and give their Zakat in a way which is both religiously sound and achieves real change for Muslims in the UK.

We've also significantly enhanced the service we offer, enabling givers to choose where they give Zakat, to choose whether any of their Zakat is used to contribute to the cost of getting it to those in need and to receive a personal email letting them know when and how their Zakat has been distributed.

A small team of dedicated people over the years has helped to create this extensive, nationwide network. While the team is 19-strong right now, 41 others have been part of the team over the years and contributed hugely. We would like to thank and recognise all their invaluable efforts. It has been, and continues to be, a privilege to help Zakat givers with this important commitment.

For those who have been giving for many years, whether that is Zakat or voluntary donations enabling us to invest in our services, we appreciate your loyalty. For those who are new givers and supporters, we give you a warm welcome. You are making a real difference to the lives of Muslims in need of Zakat across the country. Givers and partner organisations bring Zakat to life where they live, helping to create a thriving, closer Muslim community in the UK. Thank you.

While we distribute Zakat only within the UK, the impact of our work is felt around the world. NZF Worldwide continues to draw on the UK's model and the learnings from it to establish and support new National Zakat Foundations across the world. To date, the NZF model has been rolled out to Australia, Canada, Holland and Switzerland.

As ever, there remains much more to do. At NZF, along with our givers and supporters, we're ready and committed to ensure Zakat continues to provide solutions to the issues affecting our community, both now and long into the future, God willing.

Azim Kidwai
Chair of the Board of Trustees

Iqbal Nasim MBE
Chief Executive

Section 1

Impact report

Impact at a glance

7,000+ givers

£3.8m Zakat distributed to people in need

13,426 people in need helped

How many people in need in 2020 you've helped, by area



How many people in need in 2020 you've helped, by fund

	Number of people helped	Value of 2020 Grants distributed (% of total amount)
Hardship Fund	11,301	76%
Housing & Work Fund	1,980	18%
Education Fund	145	6%
	13,426	**100%**

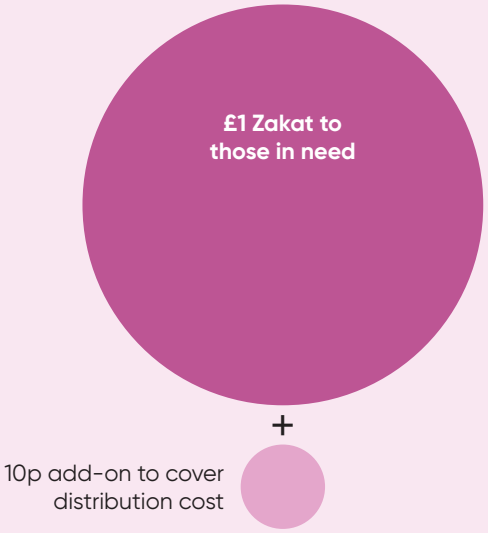
How much of your Zakat is spent on getting it to those in need?

The distribution cost is 10p for every £1 given in Zakat.

Givers choose how to cover the distribution cost.

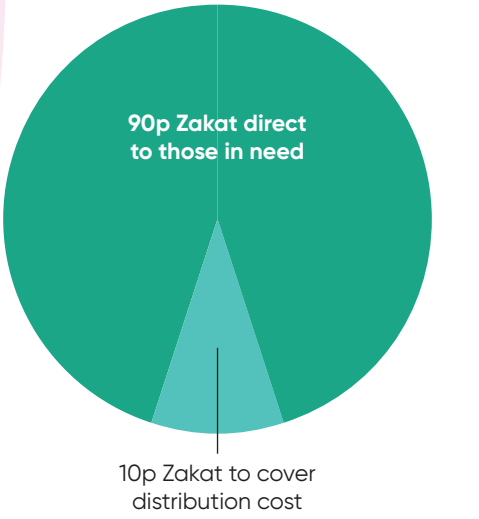
25% of Zakat givers chose

"Make my Zakat 100%"



75% of Zakat givers chose

"Cover distribution cost from Zakat"



Zakat Education and Calculation:

171,230
number of times knowledge bank accessed

120
personal Zakat consultations conducted

530
calculation queries answered

49,528
number of times online calculator accessed

About us

The problem

Almost half of all Muslims in the UK are living in poverty.[1] That's more than twice the national average of 20%. The pandemic has exacerbated existing inequalities. Moreover, those trying to propel the community forward, our emerging religious leaders and other community champions, are often held back by their difficult financial circumstances.

At the same time, it's hard for individual Zakat givers to know how to get their Zakat directly to support people in need in the community.

The solution

Zakat givers need a trusted way to be able to get their Zakat directly to people in need in the UK.

Zakat enables Muslims in need to get back on their feet. Zakat also helps those in need who are working hard to uplift the community to access training and education. The result of these individual and collective efforts is a thriving, closer Muslim community.

What NZF does

Our mission is to connect every Muslim in the UK through Zakat. NZF is the only platform with a national reach which helps Muslims get their Zakat to those in need who should be receiving it here in the UK. Rooted in our faith and reflective of our modern times, we are building a nationwide network of support.

Our vision is a thriving, closer Muslim community in the UK.

NZF is committed to listen to our givers. We learn from experience. We have made it clearer who receives Zakat given through NZF. We have given Zakat givers choice about where their individual Zakat payment goes, who it helps and whether any of it is used to contribute to the cost of getting it there. We are diligent in ensuring policies are reviewed, endorsed and certified by scholars and make this certification available on the website.

It helps us all to get closer to achieving the vision.

1 Social Mobility Commission. The Social Mobility Challenges Faced by Young Muslims. Stevenson J, Demack S, Stiell B, Abdi M, Clarkson L, Sheffield Hallam University. (Sept 2017)





Zakat recipient: Sara

Your impact: ***"The financial help my family received not only helped to ease money problems but it also improved my mental wellbeing. I was in a very dark place not seeing any hope and this has helped me to see a light at the end of the tunnel and give me a push to try and do something to improve our situation. We are still struggling but a considerable amount less than before. Both me and my husband started to work, and slowly we are rebuilding our life. We are so very grateful for the help we received. It made us feel a part of a community."***

What's our purpose?

Our purpose is to enable givers to bring Zakat to life where they live, to achieve a thriving, closer Muslim community in the UK.

What are our values?

We adhere to four key values:

- **We are pioneering:** We create positive change. We've built the only UK network that connects Muslims through Zakat. This is helping change the lives of Muslims across the country and is creating a thriving, closer Muslim community.
- **We are faithful:** We unite our faith with our times.
  We offer a dynamic way to give Zakat, firmly rooted in our faith. We want to make sure every Muslim who can give Zakat does so in a way that meets the requirements of our faith.
- **We are purposeful:** We care, so we act.
  We ensure Muslims can give Zakat easily and effectively in the UK. We use Zakat to give the most vulnerable and disadvantaged people in our community the help they need and make sure Muslims with the potential to propel the community forward are not held back by financial circumstances.
- **We are meticulous:** The details matter to us.
  Our platform hands control to the giver. At the same time, we carefully ensure that Zakat goes to those who should receive it.
  We care deeply about every penny of Zakat we handle, and who it goes to.
  Our processes are thorough, and we openly communicate our decisions.



What are our strategic aims?

We have four strategic aims:

1. **Hardship Relief Fund:** Help Muslims get through difficult situations by giving them urgent funds to cover essentials such as food and clothing.
2. **Housing & Work Fund:** Help Muslims get back on their feet with affordable accommodation and the work skills to find a job and sustain themselves and their families.
3. **Education Fund:** Help strengthen the community by investing in educating and developing Muslim scholars and other community champions.
4. **Zakat Awareness, Education and Calculation:** To help people understand Zakat and its purpose, and to help givers calculate the right amount of Zakat.

How our givers helped people in need

1. Hardship Relief Fund

NZF distributes your Zakat directly to Muslims in the UK who are in hardship, providing funds to cover basic essentials, to help them get out of a rough patch.

We give a grant to help cover the costs of food, clothing and small debts. Often, this support is what's needed to get them through a moment of urgent need so they can regain peace of mind, and start to get their lives back on track.

Who Zakat givers helped

In 2020, Zakat givers supported 11,301 people in need across the UK through NZF's Hardship Relief Fund. 76% of all 2020 Zakat distributed was distributed through this fund.

Zakat supported refugees and asylum seekers, victims of domestic abuse, those facing homelessness and those struggling due to unemployment or low-paid work.

The impact of Zakat givers' support

The Hardship Relief fund has:

- freed Muslims in need from their immediate financial distress;
- offered dedicated support, so individuals feel more confident about their financial circumstances in the future;
- helped individuals feel like they belong to a caring and supportive community.

And Muslims we've supported have often reported a direct and beneficial impact on their faith.

Islamic Relief contributed £315,000 of Zakat to the Hardship Relief Fund. Initially £135,000 was given and then, having seen how NZF successfully and efficiently distributed their Zakat, a further £180,000 was contributed to the Fund in response to the 'Zakat is Running Out' campaign.

(Note: to protect the identity of Zakat recipients, names and photos have been changed in many of the real-life stories)





Zakat recipient: Faisal

Your impact: ***"When I heard about NZF, I was really happy. Your organisation has a very important position in Muslim Society in the UK. When I see any Muslim brother or sister in difficulties, I can suggest applying to NZF. It makes me happy. We feel that we are not alone. For short term help, hardship relief is very good."***



"Throughout the pandemic we have been helping people affected by COVID-19 in some of the poorest countries in the world, but we can see that people in this country are in desperate need. So many can't afford to eat, pay their rent, clothe themselves or heat their homes. It's a real emergency and we do not have time to wait to respond to these needs. There is no organisation like NZF who can urgently distribute cash to those in need in such a robust and accountable manner, and we are grateful to them for allowing us to be able to respond to so many thousands of Muslims in urgent need."
Zia Salik, Head of Fundraising, Islamic Relief UK





Zakat recipient: Nada

Your impact: Sudanese asylum seeker Nada fled the country she loved as it was no longer safe. She arrived in the UK without the ability to work and no family around to support her. Nada says: ***"The asylum claim process was already known to be very slow but when COVID-19 hit, things pretty much came to a halt. I was placed in Government housing but the property didn't have basic furniture or even a fridge. Your Zakat helped me cover the basics like food and clothes and provided me with some furniture and kitchen appliances. The new start I'd hoped for finally feels like it could become a reality."***

How our givers helped people in need continued

2. Housing & Work Fund

The Housing Fund gives grants to help Muslims in the UK who need support to live in affordable, liveable and safe accommodation. The Work Fund gives grants to help Muslims in the UK who are unemployed or on low incomes to get a job and increase their incomes.

Who Zakat givers helped

In 2020, Zakat givers supported 1,980 people in need across the UK through NZF's Housing & Work Fund. 18% of all 2020 Zakat distributed was distributed through this fund.

Zakat supported those struggling due to unemployment or low-paid work.

The impact of Zakat givers' support

The Housing & Work fund has:

- enabled Muslims to access both safe and affordable accommodation and the labour market;
- offered dedicated support, so individuals feel more confident about their financial circumstances in the future;
- helped individuals feel like they belong to a caring and supportive community.



Zakat recipient: Abdalla

Your impact: *"When my youngest was born recently, she and my wife struggled a lot with their physical health. It was hard to find a job that I could juggle with my caring responsibilities, and when lockdown struck, even the odd jobs I did started to dry up. We were lucky to be given Government accommodation. But with little money, it's a struggle to afford essentials like a cooker and furniture. That was until I found out about NZF. Your Zakat meant I could get a grant through the Housing Fund to buy simple items.*

The house now feels like a family home, and my daughters have smiles on their faces again. May Allah reward you all. I can't explain how much it means. I feel so blessed to have four beautiful daughters. Now, thanks to your Zakat, I feel even more blessed, because every time I look at them, I'm reminded of the power of the third pillar of Islam, and God's grace."



Zakat recipient: Fatima

Your impact: Fatima was a doctor in Syria. Now she is a refugee. When she came to the UK, she applied to the Work Fund. NZF is now supporting on her journey to be a doctor in the UK. She says: *"I will do my best to pass this exam so you can be proud of my achievements which will happen with your support. I really don't know how to thank you. But I'm pretty sure the day will come to help the community with my medical experience."*

3. Education Fund

The Education Fund gives grants for education and training to help Muslims who can demonstrate a high level of commitment to community service, to help them to better serve Islam and Muslims in the UK. Applicants are supported with vocational training courses, postgraduate academic courses and/or learning resources.

Who Zakat givers helped

In 2020, Zakat givers supported 145 people in need across the UK through NZF's Education Fund. 6% of all 2020 Zakat distributed was distributed through this fund.

Zakat supported those actively working to serve the community who could not afford the cost of the education or training they needed to access.

The impact of Zakat givers' support

The Education Fund has:

- enabled Muslims to access education and training;
- offered dedicated support so individuals can build capacity in UK Muslims to serve Islam and their communities;
- helped individuals feel like they belong to a caring and supportive community.

Leadership Investment Programme

As part of a pre-existing long-term commitment, the Centre for Media Monitoring (CfMM) was supported using a small portion of Zakat funds from 2019, by givers who had not restricted their Zakat to go towards those in poverty only. This was the last institutional beneficiary of NZF as the organisation has streamlined its work to an individual-to-individual Zakat giving model only.

Zakat givers from 2019 who had not restricted their donation to those in poverty supported the CfMM in 2020 with £59,434 of Zakat.

Key areas of work were media monitoring, advocacy and community liaison. In 2020, CfMM continued to achieve numerous corrections in mainstream media articles. In addition, it made submissions to enquiries and consultations, established a strong group of community volunteers who monitor the media, redesigned training workshops to deliver them online and ran a second 'Meet the Media' event.

Your impact:
As Shanaz, a 30-year-old trainee therapist, entered her third year studies for a Professional Doctorate in Counselling Psychology, she had to reduce her working hours to complete her research. But she could not manage to cover the cost of living, fees and supervision sessions with her reduced income. Shanaz applied to NZF for a grant to continue her studies. NZF assessed her eligibility and then supported her.

"As a result of the grant, I have been able to work on a research project looking at the impacts of harsh physical parenting from a Muslim perspective. It is my hope this helps demonstrate that this practice is outside the folds of Islam. In the future, I will be able to practise psychology while both understanding the unique needs of Muslims as well as being able to disseminate this information to wider audiences and other professionals who work with Muslim clients. My long-term aim is to become a reputable psychologist who can demonstrate that Islam and positive psychology greatly overlap and help contribute towards the movement to make the practice of proactively looking after our mental wellbeing more prevalent in the Muslim community."

Shanaz Akhtar, Zakat recipient

How our givers helped people in need continued

4. Zakat Awareness, Education and Calculation

We continued to provide Zakat Awareness, Education and Calculation services to UK Zakat givers in 2020. This is funded by voluntary income (Sadaqah and Riba).

These services:

- spread knowledge about the spiritual and societal significance and impact of Zakat;
- increase understanding of the need for Zakat in the UK;
- improve understanding of how to calculate Zakat.

How our givers helped

We provided Zakat givers with many ways to help ensure they paid the right amount of Zakat, including workshops, online content, publications, and online and offline giving.

We also raised awareness of the issue of Missed Zakat. We gave individual telephone consultations to ensure Zakat givers correctly calculated and paid any Zakat they may have missed over the years.

The impact of our givers' support

In 2020, the Zakat calculator was accessed over 49,000 times. NZF's Knowledge Bank articles available online received 171,230 hits. NZF responded to 530 emailed Calculation queries and provided over 120 personal Zakat consultations by telephone.

Your impact:
Taib was an imam and youth worker in his native Sudan. When he came to the UK to work as an imam, he found it hard to connect with the youth in the UK. However, he shared one of their passions – football! Greater Manchester Football Club offered him the opportunity to train as a football coach. He completed Level 1 but could not afford to continue. He applied to NZF. NZF supported him with a grant.

"I am really very grateful because I never thought it would be possible for me to do this, and without the grant I could have never done it. I am becoming so much more active in my community because I feel more confident and more able to support young people. It is very unusual for someone from my community to do something like this in the UK, and so many young people approach me in the masjid now and ask for guidance and advice for what courses and things they can do."

Taib Al Sheikh Idris, Zakat recipient



The service we provide

We provide a full service for the giver, benefitting the giver and the recipient. The process is:

Calculate:
We help Zakat givers to work out how much Zakat they need to give based on their financial situation. We do this through a variety of Calculation services including our easy-to-use online calculator, one-to-one consultations with Zakat experts, email queries, online webinars, an up-to-date knowledge bank and Zakat guides.

Give:
Zakat givers choose at the time of payment as to where they would like their Zakat to go. Zakat givers choose how to allocate their Zakat to those who need it across three funds: Hardship Relief, Housing & Work, and Education. Zakat givers also choose whether they would like 100% of Zakat to go to those in need, and cover the 10% contribution to checking and verification costs through additional Sadaqah, or whether they would like to cover this from Zakat.

Distribute:
Apply: Those in need of Zakat apply online to NZF for help all year round. Mosques, charities, other organisations and individuals often let potential Zakat recipients know they can apply to NZF and support them in the process.

Check: The NZF team then conducts meticulous checks to ensure applicants are eligible for Zakat.

Decide: Our Grants Officers then work with applicants on a personal level to make sure we give them the right support. They aim to get back to applicants as quickly as possible with a decision.

Support: The Grants Officers usually give cash Zakat grants directly to the successful eligible applicant, by bank transfer where possible. Where that is not possible for the recipient of a Hardship Grant, we send support in the form of electronic vouchers. We work with partners to deliver basic furniture, a fridge and a cooker where this is needed. Grants Officers also offer funding for training and education to support applicants get into work and serve their communities. In addition, Grants Officers refer applicants to any additional funding or help they might be eligible to access.

The NZF team is experienced and dedicated. Many in our team have a history of working within local councils and other agencies and organisations which provide support and funding to people in need. We have an internal auditor ensuring quality is maintained.

NZF's Zakat policies and processes are endorsed and certified as sound by UK scholarly organisations: Islamic Shari'a Council and Markaz al-Iftā' wa'l-Qadā. Mufti Amjad now conducts regular Shariah audits.

Track:
Live maps on our website show where Zakat has been received from and distributed to across the UK. We send out a personal email to let Zakat givers know when their Zakat has been distributed to those who need it.





Zakat recipient: Syed

"My experience with NZF is absolutely outstanding. They are doing everything they could do to help. Also how quickly they are dealing with vulnerable people it's unbelievable if I will speak about myself and how they helped me. I swear to my Allah no words would describe how much I appreciated the help and how they moved a big heavy stone. It was going to kill me. Allah bless the whole organisation and give everyone whatever they wish for."

How we raised and spent funds

Income:

Our funds are comprised of Zakat from individuals and businesses, charitable donations (Sadaqah, Riba and Fidyah/Kaffarah), institutional grants and Gift Aid. In 2020, for the first time the work of NZF was also supported by a major international charity: Islamic Relief UK gave £350,000 of Zakat in two tranches to enable NZF to support those in need in the UK.

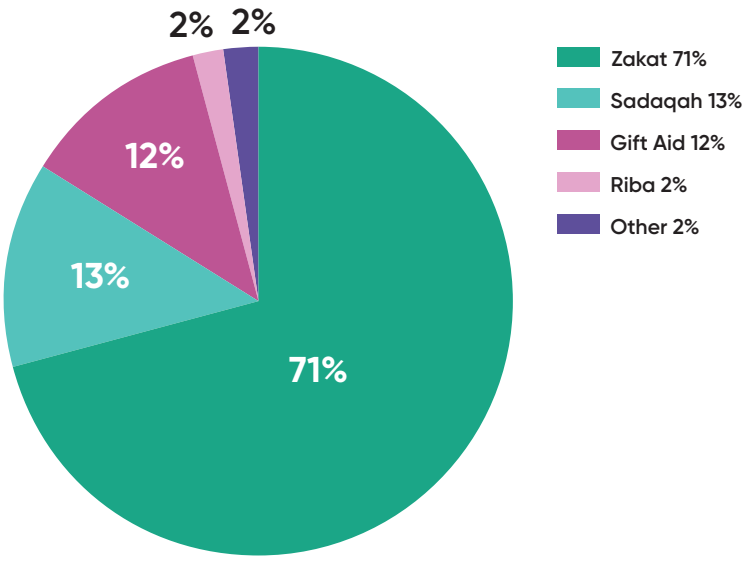
In 2020, we generated total voluntary income of £6,337,184 (2019: £3,798,373). Total expenditure was £5,219,343 (2019: £4,268,454). We had net incoming resources in 2020 of £1,086,626 (2019 net outgoing resources: £458,289).

The main source of our income was Zakat, comprising £4,471,972 (2019: £2,763,877). The majority of Zakat givers gave one-off payments rather than regular contributions. While givers gave 75% of the annual value of Zakat income in Ramadan, people in need apply for Zakat throughout the year. This can mean there is a large gap between Zakat income and Zakat grants across the accounting period. We commit to distribute Zakat within a lunar year (11.5 months) of any individual Zakat giver's payment to NZF – on average, we distribute an individual's Zakat within five to six months.

The amount of Zakat given to NZF was significantly higher than originally anticipated. We attribute this to two main factors. Firstly, the COVID-19 pandemic began shortly before Ramadan 2020, so giver awareness and marketing efforts were focussed on the urgent need of those in the UK. Secondly, in 2020, for the first time givers had full choice about the nature of the impact of their Zakat: givers were offered a choice of three funds to support. Givers were also offered choice about how to cover the direct costs of getting their Zakat to the recipient – this was an outcome of an internal review to see how NZF could improve givers' trust in the charity.

Throughout the year, we continued our effort to raise non-Zakat funds to support the work of the organisation – this effort made a vital contribution towards enabling NZF to grow and achieve our vision. We received £983,351 (2019: £517,253) of unrestricted Sadaqah and Riba funds in the year which, along with £737,330 (2019: 459,851) of Gift Aid, were critical to cover non-grant costs of the charity. Income for NZF services of £1,100 (2019: £15,591) is a small category of additional income, received from the occasional renting-out of unused office space for community activity. Our non-Zakat income in 2020 was higher than originally anticipated, as we were able to reclaim Gift Aid on more voluntary income than expected.

Sources of income



Expenditure:

In 2020, Zakat givers chose how to allocate their Zakat. All Zakat grants were given to eligible individuals in need who applied to a specific fund for Zakat. Applicants were able to apply to one or more of the following funds: Hardship Relief, Housing & Work, and Education. The only exception to the funding of individuals was a Zakat grant to one organisation, as part of a previous commitment, which was therefore funded by 2019 Zakat income carried forwards.

We have consulted and listened to our givers. We have streamlined our work to an individual-to-individual Zakat model, with an Education Fund which has a narrower remit than the previous Leadership Investment Programme. Of the £3,800,103 of Zakat/Zakat-ul-Fitr grants we distributed in 2020, 76% or £2,891,819 was distributed directly to eligible people in need by the Hardship Relief Fund; 18% or £671,570 by the Housing & Work Fund; 5% or £177,280 by the Education Fund; and 1% or £58,434 by the Leadership Investment Programme.

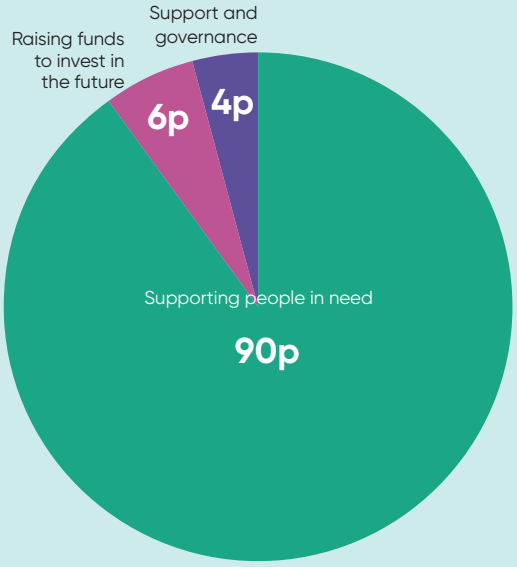
In 2019, we distributed £2,979,062. 87% being £2,573,797 was distributed as Economic Empowerment grants (for Hardship, Housing & Work) and 13% being £405,265 was distributed as Leadership Investment Zakat grants for 29 individuals and four organisations.

Total charitable costs of distribution, both people and process costs for each grant, was £908,319 (2019: £1,053,734). We achieved a significant reduction in cost through technological efficiencies. Costs are covered by Zakat and non-Zakat funds. Each Zakat giver had to choose to help cover their cost either from 10% (2019:12.5%) of their Zakat or an additional 10% as a voluntary contribution.

No Zakat is used for marketing expenditure.

We incurred support and governance costs of £203,399 (2019: £211,988) during the year.

How we spent our funds:



This means that of every £1 NZF spent,

- **90p went on supporting people in need**
- **6p went on raising funds to invest in the future**
- **4p went on support and governance to make sure the charity is run well.**

How we raised and spent funds continued

Governance costs relate to audit fees, professional fees, licence fees and compliance costs, and related staff costs (see note 5). As per the Charities Commission regulation, no Trustees received any remuneration. Support and governance costs equated to 3.9% (2019: 5.0%) of total spending. Since July 2020, we have no longer had a physical office and so in 2020 benefitted from reduced spend on office rental and related utility costs, partly offset by a one-off increase in depreciation due to disposal of assets. We covered these costs entirely by Sadaqah, Riba and any other non-Zakat funds.

The cost of raising funds was a further 5.9% (2019: 5.0%) of total spending, covered entirely by Sadaqah and other non-Zakat funds.

We invested over £120,000 (2019: £60,000) in technology as capital expenditure to improve the experience for Zakat givers, other donors, applicants and all other users.

Cash reserves

Our 'Zakat Is Running Out' campaign in late 2020 highlighted the insufficiency of Zakat funds to meet the anticipated high level of need from applicants. Owing to the success of the campaign, in addition to a reduced number of applications compared to expected, our Zakat grant cash reserves at the end of December 2020 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2021, when many givers gave additional Zakat.

Our non-grant reserves are also higher than anticipated, enabling NZF to invest further in growth.



Thank you

Zakat givers, organisations and partners have enabled NZF to support many people in hardship as well as emerging religious leaders and other community champions deserving of Zakat.

Recipients who have received this support and felt the power of Zakat directly often ask us to share their genuine thanks with those who make it possible, the Zakat givers who have chosen to give through NZF. On behalf of all of them and from us at NZF, thank you.

Individuals, organisations, agencies, community groups and mosques have helped those in need to access our services through signposting and submitting applications on their behalf.

In addition, our work is strengthened by partners.

We look forward to building upon existing relationships and forging new ones in 2020 and beyond.

Together, we have achieved genuine change, helping Muslims in the UK unlock their potential, individually and as a community, through the power of Zakat.



Our supporter community

Thank you to all our supporters, referrers and partners, including but not limited to:

Hardship Relief Fund
British Red Cross
Care4Calais
Crisis and Crisis Skylight
East London Mosque
The Faith Centre, Bradford
Hestia
Islamic Relief
IHRC
Migrants Organise
Project 17
RefuAid
The Unity Centre, Glasgow
Migrants' Rights Network
St Mungo's
HAPANI

Housing & Work Fund
North London Dental Centre
LabMedExpert
Crisis
Association of Muslim Schools
Chromium Group Of Companies Ltd
ASR Learning Centre
Refugee Council
The Faith centre Bradford
C Supplies
Family Fund
St Mungo's
Thames Reach
JET North
Hestia

Education Fund
Cambridge Muslim College (CMC)
Markfield Institute of Higher Education (MIHE)
Al-Salam Institute
Common Purpose
Association of Muslim Schools
Happy
Clore Social Leadership
Citizens UK
Muslim Council of Britain
Aziz Foundation

Fundraising and other supporters
Kestrl
Amanah Advisors
Islamic Finance Guru
Rizq Digital Bank
MyTenNights
Emerald Network
CUBE Network
Amaliah



Bringing Zakat to life in 2021 and beyond

It remains our commitment to uphold Zakat, the third pillar of Islam, for our community. We strive to provide a platform for UK giving that is grounded in our faith at the same time as being fit for purpose in our modern times.

We'll continue to develop the Calculation service, so account holders can see a record of their calculations and giving history.

We'll continue to improve the way we distribute Zakat. Zakat givers can be confident that their Zakat reaches individuals eligible for Zakat in a way which is impactful, efficient and caring. We'll be further streamlining our online application process for those who need support. We're working on making it quicker and easier for people in need to apply for help, while enabling us to complete the eligibility and verification checks thoroughly and yet more quickly. We'll partner with more organisations to increase the number of referrals to our services.

We'll continue to work with in-house and independent Islamic scholars, experts and practitioners to refine our Zakat policies and processes, which are both rooted in our faith and relevant to our time and place. Since NZF began, we have rigorously ensured our faith is at the heart of all we do. Our approach is certified as legally compliant by the UK Islamic Shari'a Council and Markaz al-Iftā' wa'l-Qadā, the Centre for Religious Rulings & Mediation.

We'll continue to improve the way we let you know what we're doing with your giving. We now have live maps showing where Zakat has been received from and distributed to across the UK. We'll send out a personal email to let you know when your own Zakat has been distributed to those who need it.

We'll continue to raise awareness, educate and inform about Zakat across the country, providing online resources, consultation services and webinars. We'll also work with a range of networks and organisations to spread knowledge about Zakat even further.

Income in 2021 is uncertain, given the impact of COVID-19. On balance, we expect Zakat income in 2021 to increase due to the increased awareness of UK givers of need in the UK.

We plan to maintain the contribution of Zakat givers to the cost of checking, verifying and distributing Zakat to people in need at 10% (2019: 12.5%). Zakat givers can cover this cost with Sadaqah if they would like 100% of their Zakat to go to the recipient.

In 2021, we'll be increasing expenditure on raising funds, given the changed and uncertain external environment due to COVID-19.

We'll continue to help Muslims bring Zakat to life here in the UK. Together, we will achieve this vision, God willing.

And we'll continue to adhere to our values: being pioneering, faithful, purposeful and meticulous in all that we do.



Section 2

How we operate

Our people

We seek to maximise the potential of all employees at National Zakat Foundation and cultivate high levels of employee engagement

We do this through:

Employee engagement surveys

Our employees participate in quarterly employee engagement surveys, giving valuable feedback on what it is like to work at National Zakat Foundation. During 2020, over 90% of participating employees agreed or strongly agreed that "the mission of NZF inspires" them. Employees know they can give feedback or put forward ideas at any time and we have formal and informal mechanisms in place to facilitate this.

Safeguarding

We expect all employees, volunteers, partners, interns and consultants to conduct themselves in a way that preserves the dignity and respect of every individual. We have a Safeguarding policy and Code of Conduct that reflects this. We have made public our Safeguarding Commitment.

We have zero tolerance for harassment, bullying or exploitation in any form.

Equal opportunities and diversity

We have an Equality and Diversity policy in place to ensure we give candidates, existing employees and volunteers equal opportunities to succeed. We recruit the best person we can find for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission.

We encourage employees to develop within National Zakat Foundation to match their circumstances and aspirations. We support flexible working practices wherever possible.

Employees' remuneration

The Board determines the salary of the Chief Executive. The Board approves the principles for salaries of all employees.

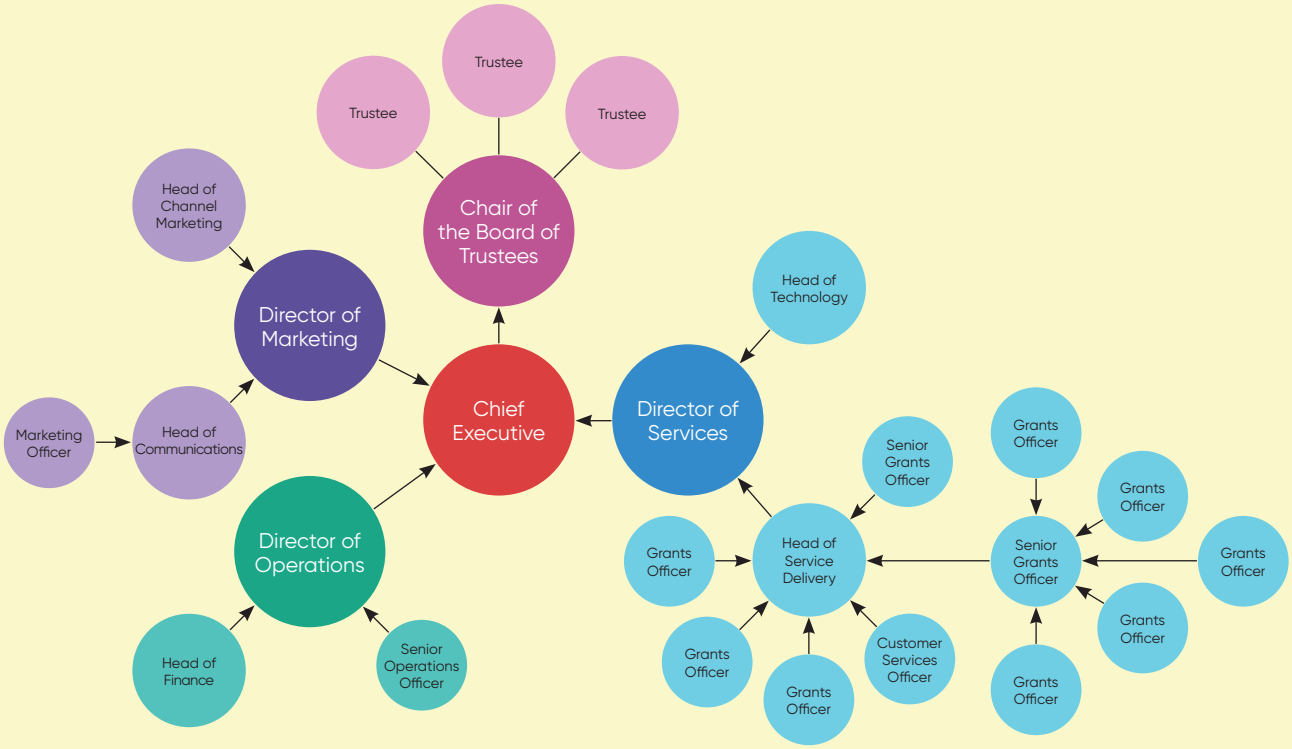
The Chief Executive proposes salary principles for the organisation and the salaries of key management personnel to the Board, which amends as appropriate and approves. In 2020, the key management personnel comprised the Chief Executive, Director of Services, Director of Marketing and Director of Operations.

We set and review salaries based on a combination of benchmarking, seniority of the role, experience and NZF's overall budget. We are currently reviewing the way we set salaries to ensure consistency and fairness. In 2020, we completed a benchmarking exercise which was independently reviewed and will be the basis for 2021 salary changes. Until 2020, we reviewed salaries in December each year. From 2021, we plan to review salaries shortly after Ramadan each year. Any salary changes are effective from the following month.

External finance professional: Omair

"Working with several members of the management team showed me that NZF have a consistent focus on improvement and transparency in their operations. It was both reassuring and enlightening to be part of their recent endeavour to bring greater giver choice in the way Zakat is distributed. The speed of including this change was exceptional. In addition, NZF's ethos embodies honesty and integrity. I have no doubt in trusting them with my donations."

Our organisational structure



Use of volunteers

Volunteers are a valued resource in our work. In 2020, we had eight volunteers. Volunteers are supported and trained in their roles by employees and given assistance where required.

Volunteers have been involved in three areas: contributing professional services, caseworker administration and raising awareness.

In 2020, six professionals within the Service Development, Finance, Risk and Legal sectors contributed their time and professional services on a pro bono or reduced cost basis. The value of their services given in kind is approximately £43,000. This is not reflected in the financial statements.

During the year, we've had one long-term volunteer Grant Officer contributing two days per week for seven months. We had an additional volunteer supporting the Marketing team.

We have supporters across the country who help communicate the work of NZF.

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/ seminars locally.

We're thankful to have had this level of support from volunteers to achieve NZF's vision.

How we manage the money givers trust us with

Managing risk

The Trustees assess all major risks to which the charity is exposed and review the systems and procedures established to manage those risks. The charity has a Serious Incident policy in place and ensures that employees and Trustees have been trained on adhering to the policy. Trustees continue to ensure that all risks are managed appropriately. Trustees review systems and procedures for risk management throughout the year. In 2020, an external risk analyst engaged in an in-depth review of the Risk Management policy and the Risk Register, supporting the Trustees. The risk analyst assessed Assurance as high or adequate in all areas of risk.

The most significant risks are:

Financial:

The risk of insufficient generation of non-Zakat funds to cover the cost of ensuring the grant gets to those who need it, as well to cover the core costs of the organisation and the cost of raising funds. This would affect NZF's ability to grow and meet the needs of eligible UK Zakat recipients. Historically, sufficient non-Zakat funds including Gift Aid have been generated to cover core costs of operations and the cost of raising funds.

This risk is being mitigated by ensuring that each giver covers the direct cost of getting their Zakat to recipients. Since February 2020, the Zakat giver can choose for 100% of their Zakat to be distributed to individuals in need, by giving an equivalent voluntary contribution to cover the cost instead.

The organisation's strategy and its key elements (e.g. budgetary review, cash resources and cashflow forecasting) are subject to regular management, Finance and Audit Committee, and Board review, supported by operational updates and key operational metrics.

Independent risk analyst: Ruhall

"I found the organisation to be helpful and transparent, always looking to improve and be proactive. Having reviewed their risks, I am comfortable providing my Zakat to them and trust them completely."

People:
The risk of people leaving, lack of alignment to values, and/or lack of sufficient expertise.

Our people are our most valuable asset. We continue to create the conditions for our employees to thrive. We manage and consider diversity and inclusion as well as colleague engagement. We provide ongoing opportunities for personal and professional development. We have put in place staff training, with the team responsible for distributing Zakat grants to those in need additionally benefitting from counselling support. We have reviewed compensation to ensure it is in line with what skilled employees can expect.

Technology:
The risk of failure of key IT systems or IT infrastructure. This could result in loss of information, inability to operate or regulatory breaches.

The likelihood of this risk is being mitigated through operational systems, controls and improvements. Operational systems include full cloud capability, enabling effective remote working, online giving and online applying. Controls within this area include deployment of approved comprehensive IT policies and procedures to safeguard data and mitigate any breaches. Other mitigating actions include constant improvements to NZF's technological capabilities – for example, with the upgrade of our Customer Relationship Management (CRM) system. This area is an evolving area and requires constant monitoring to ensure the infrastructure is invested in adequately. In addition, NZF has cyber insurance to mitigate the impact of the risk.

Reputation and General Data Protection Regulation (GDPR):
The risk of incidents that damage reputation and/or negatively impact operations (including recipients of Zakat grants, suppliers and GDPR breaches).

We carefully assess recipients of Zakat grants to ensure eligibility and likely impact, taking an approach that is proportionate to the size of the Zakat grant. We carefully assess suppliers to ensure they are viable, low-risk and can support us with quality work. We involve the Board where financial amounts are significant. We have put GDPR-compliant systems in place which are well above the minimum standard required and conduct an annual GDPR check.

Safeguarding:
The risk that people who encounter the charity are not protected from harm.

This risk is being mitigated by ensuring NZF has a Safeguarding policy and training rolled out for both employees and Trustees, a policy which ensures reinforcement of good culture and good practice. We will continue to provide safe places, encourage the confidence to report any issues and take consistent action.

Our approach to operations

We made continuous improvement in the use of our CRM system for applicants' and payers' records. We also further embedded the use of our Accounting System, Accounts IQ.

Our public fundraising approach

Almost all our funds come from the public and our aim is to ensure we raise funds in both a respectful and compelling way that is consistent with our values. We support measures that will improve public trust and support for the sector.

We are registered with the Fundraising Regulator and pay an annual levy as required. We work diligently to comply with the Code of Fundraising Practice.

The Director of Marketing and the Director of Fundraising managed most income-generation activities, guided and monitored by the CEO, with overall oversight by the members of the Board. The charity's employees and consultants carry out fundraising activities for the charity. In 2020, we did not use professional fundraisers or have any commercial participators.

We have set standards for the operation and management of our fundraising activities. We contact a small number of our supporters by telephone each year who agree to be contacted in this way – individuals who conduct this work are required to do so in a respectful manner and in accordance with our standards and sector regulation.

We consider that our processes and controls ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

We actively encourage supporters to contact us with any feedback. No complaints relating to fundraising activities have been received by the charity during this financial period. We have in place procedures that would be followed in the event of a complaint being received, and these procedures are made publicly available on our website.

General Data Protection Regulation

GDPR became law in May 2018. The regulation sets out the responsibilities all organisations have in relation to the personal data that they collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We're committed to protecting personal data, and to ensuring that we're compliant with the changes introduced by GDPR. We have put in place policies and procedures to comply with GDPR in the areas of data protection policies, data mapping, data retention and cleansing, data processing and supporter data privacy, consent and preference management. We hold an annual GDPR review.

We consider that every member of staff has a role to play, and we have regular training to ensure we're all familiar and compliant with the new requirements.



How we are governed

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company. In 2020, the Board refreshed the Articles of Association to ensure the charitable objectives and Trustee powers were up-to-date.

The Board is currently made up of four members. The Trustees who served during the period and up to the date of this report are set out on page 33.

"NZF has pioneered the way Muslims in the UK understand and perform their Zakat obligation by encouraging and advancing local giving and support. NZF provides a vital service and platform to our community, responding to primary needs as well as providing development opportunities. The team are passionate and dedicated to the cause, which makes NZF such a successful and dynamic organisation. The steadfastness and energy demonstrated by NZF's leadership team is what has established NZF as a committed and credible pillar in our community."
Sabah Gilani, Trustee and CEO of BCBN



The Board meets at a minimum four times a year.

In addition, the Board has a Finance and Audit Committee (FAC) which meets regularly, usually shortly before each Board meeting. The FAC promotes and safeguards the highest standards of integrity, financial reporting and internal control; it also oversees the organisation's risk management processes and any capital spend projects. FAC membership includes a co-opted experienced member who is independent, not a Board member.

Trustees are rotated over a medium- to long-term basis, to provide fresh ideas and to avoid complacency in the role. No Trustees have exceeded the nine-year term recommended in the Governance Code.

The Chief Executive and employees make operational decisions and run the charity. The Chief Executive or Line Manager (as appropriate) sets and agrees objectives with employees to ensure that the strategic objectives of the charity are being met. The Chief Executive or Line Manager (as appropriate) also ensures employees who have direct contact with recipients are regularly supported, trained and assessed to ensure their communication is in line with the charity's values.

Organisational purpose: Public benefit

The Trustees confirm that they have complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The Trustees consider these when reviewing the aims and objectives of National Zakat Foundation, and in planning activities for the future. The Trustees consider that the aims and activities of the charity are for public benefit.

The Trustees confirm that the aims of the charity continue to be charitable; that the work of the charity is in line with its objects; that the aims and the work done give identifiable benefits to the charitable sector and both directly and indirectly to individuals in need; that the benefits are for the public and are not unreasonably restricted in any way; and that there is no detriment or harm arising from any of the activities.

How we are governed continued

Board effectiveness

Trustees are recruited based on relevant expertise – skills, experience and qualifications – and an alignment of their values with NZF's values. Before appointment, potential Trustees meet with the Chair of the Board and the Chief Executive; they are then invited to attend a Trustee meeting as an observer, and they are then invited to act as an Advisor to the Board for six months. After this process, the Board decides whether to recruit the Trustee. Trustees access internal and external training as required.

The number of Trustees is within the range recommended by the Governance Code.

The profile of Trustees is broadly representative of the people we are trying to help.

Our Trustees undergo a comprehensive induction programme and are offered training and development opportunities throughout their trusteeship.

Openness and accountability

We make our charity's impact accessible to donors and stakeholders through our website and update it on an ongoing basis. We regularly share stories of our recipients on our website and in external messaging.

We fully disclose details of our Trustees and their biographies on our website.

We have a Disclosure policy available on our website, detailing what information we hold and how we process it, to provide confidence that we are securely handling private and often sensitive beneficiary and donor data.

Integrity

NZF's Board of Trustees has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement.

We welcome the 2017 Charity Governance Code as a positive step toward improving governance and excellence in resource management in the sector. The Chair has undertaken a review of its current practice compared to that recommended in the Governance Code. Both the Board and the Finance and Audit Committee take feedback on board and regularly implement aspects for improved Governance. The Board will identify further areas for improvement over time. This is part of the continued concern of the Trustees to constantly improve the effectiveness of the organisation.

We have a Serious Incident policy. There were no serious incidents in 2020.

We have a Conflicts of Interest policy, and detail potential conflicts within this report. In addition, each Trustee confirms annually that they are eligible to hold the position.

We meticulously account for all our income from all sources, including Gift Aid. This has been confirmed independently. In 2020, HMRC confirmed it had completed its check of a Gift Aid claim submitted by the organisation in a previous year and confirmed the charity demonstrated a full audit trail.

Diversity

We recognise the benefits diversity can bring. The charity has an Equality and Diversity policy which extends across the organisation.

Trustees and employees are from a range of backgrounds. All Trustees have an ethnic minority background. We currently have three male Trustees and one female Trustee. The charity is BAME-led. In addition to the Chief Executive, there are three members of the Senior Leadership Team: two females and one male.

Environmental impact

We are also constantly striving to reduce the charity's impact on the environment.

The main method of giving is online through the website, and the second most popular method is online bank transfers.

All charitable activity is now online. Individuals in need apply online. Zakat grant recipients are financially supported through online bank transfers or digital vouchers. Since COVID-19, all educational events (webinars, etc.) are held online.

All donor and applicant records are stored online. All Board papers are provided to Trustees online and stored online.

Due to COVID-19, since March 2020, all meetings are being held online. All staff are now working fully remotely. Our systems were already set up to enable this change to happen quickly and for employees to continue to work effectively.

NZF Worldwide

NZF Worldwide grants NZF UK an exclusive licence to use the intellectual property rights associated with the National Zakat Foundation brand in the UK.

NZF Worldwide is committed to:

- represent National Zakat Foundation brand at international forums surrounding Islamic finance/wealth management and philanthropy;
- seek opportunities to showcase the NZF UK case study in global Zakat forums;
- facilitate cooperation between NZF entities across the globe to improve the efficiency and effectiveness of asset creation.

In 2020, NZF Worldwide presented the NZF model at the World Zakat Forum 2020, and also presented NZF UK as a case study in the International Conference of Zakat held from Indonesia.

NZF Worldwide showcased the NZF UK model at the United Economic Forum World Summit, which 7,000 international delegates attended.

Further, NZF UK was presented in the AMP National Convention in India.

In addition, NZF Worldwide organised monthly forums for NZF UK with other NZF member countries to learn best practices.

NZF Worldwide secured Shariah certification from Markaz al-Iftā' wa'l-Qadā as part of which it facilitated a Zakat audit undertaken by Markaz al-Iftā' wa'l-Qadā.

NZF UK also benefits from services provided by NZF Worldwide, in line with a Service Level Agreement.

In 2020, NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. It developed Zakat Standards to guide the operations of NZF UK and supported staff with operational queries. In addition, NZF Worldwide conducted a Zakat review of operations and produced an independent report with recommendations to improve. In line with the NZF WW Audit Framework, the auditor was of the view that "the Foundation has a robust framework and policies in place... The auditor commends the overall progress, the work and determination that the Foundation espouses in its operations." The auditor made recommendations to strengthen grant distribution controls further.

How we manage our finances

Reserves policy

The Reserves policy is regularly reviewed, at both the Finance and Audit Committee and the Board.

The Trustees have reviewed the reserves of the charity with independent expert input.

Each year, substantial non-Zakat funds are raised to improve the financial health of the organisation and ensure that sufficient funds are generated beyond the initial reserves level. The charity's total funds at the year-end amounted to £2,888,523 of which £1,942,189 were unrestricted general funds and £946,055 were restricted funds for distribution to Zakat-eligible individuals, i.e. not available for general purposes.

The Trustees consider that unrestricted general reserves are at a level that cover and exceed three months of core costs (operations salaries, office charges and cost of raising funds, less the costs of depreciation/amortisation) and that these are sufficient for this purpose at the current time and in line with Reserves policy. There are no material amounts designated or otherwise for the reporting period.

Our 'Zakat Is Running Out' campaign in late 2020 highlighted the insufficiency of Zakat funds to meet the anticipated high level of need from applicants. Owing to the success of the campaign, our Zakat grant cash reserves at the end of December 2020 remained high enough to enable sufficient distribution of Zakat to people in need until Ramadan 2021, when many givers gave additional Zakat.

Investment policy and performance

National Zakat Foundation holds all short-term investments as non-interest-bearing cash. The objective of our Investment policy is to limit risk as far as is possible while earning such profit as is available on very secure deposits. Accordingly, our Investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Investment income in 2020 was £9,200 (2019: £11,792).

Going concern

The Trustees have considered the funding position and risks to which the organisation is exposed. The Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future. The Trustees believe that there are no material uncertainties which call into doubt the charity's ability to continue as a going concern. COVID-19 has not impacted our ability to continue as a going concern. The financial statements have therefore been prepared on the basis that the charity is a going concern.



Our leadership team

TRUSTEES

Sultan Choudhury OBE

Sabah Gilani OBE

Azim Kidwai (Chair)

Tariq Surty (resigned 24 November 2020)

Muhammed Yesilhark

CHIEF EXECUTIVE

Iqbal Nasim MBE

AUDITOR

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

BANKERS

Al Rayan Bank
394 Coventry Road
Small Heath
Birmingham
B10 0UF

Lloyds Bank
PO Box 1000
BX1 1LT

SOLICITORS

Bates Wells
10 Queen Street Place
London
EC4R 1BE

CHARITY NUMBER

1153719

COMPANY REGISTRATION NUMBER

08536743

REGISTERED OFFICE

Kemp House
152-160 City Road
London
EC1V 2NX

Statement of Trustees' responsibilities

The Trustees (who are also directors of National Zakat Foundation (NZF) for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective 1 January 2016.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the Board

Sultan Choudhury OBE
Trustee

29 June 2021

Section 3

Financial statements

Independent auditor's report to the members of National Zakat Foundation (NZF)

Opinion

We have audited the financial statements of National Zakat Foundation (NZF) (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Zakat Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non- compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we inspected the minutes of meetings of those charged with governance.

Independent auditor's report to the members of National Zakat Foundation (NZF) continued

- we obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- we communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- we reviewed any reports made to regulators.
- we reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- we performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard
(Senior statutory auditor)

29 June 2021

For and on behalf of Sayer Vincent LLP, Statutory auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
INCOMING RESOURCES							
Incoming resources from generated funds:							
Donations	2	2,207,925	–	**2,207,925**	3,223,771	–	3,223,771
Charitable activities							
Hardship Relief	2	–	2,934,877	**2,934,877**	–	–	–
Housing & Work	2	–	858,134	**858,134**	–	–	–
Education	2	–	336,246	**336,246**	–	–	–
Economic Empowerment	2	–	–	**–**	–	567,352	567,352
Grenfell Muslim Response Unit	2	–	–	**–**	–	7,250	7,250
Investment income	3	9,200	–	**9,200**	11,792	–	11,792
TOTAL INCOMING RESOURCES		**2,217,125**	**4,129,257**	**6,346,382**	**3,235,563**	**574,602**	**3,810,165**
RESOURCES EXPENDED							
Raising funds	4	321,760	–	**321,760**	234,282	–	234,282
Charitable activities							
Hardship Relief	4	612,818	2,891,818	**3,504,636**	–	–	–
Housing & Work	4	165,524	671,570	**837,094**	–	–	–
Education	4	81,567	177,280	**258,847**	–	–	–
Economic Empowerment	4	–	–	**–**	3,045,502	173,482	3,218,984
Grenfell Muslim Response Unit	4	–	–	**–**	–	11,843	11,843
Leadership Investment	4	–	59,434	**59,434**	509,813	–	509,813
Zakat Education and Calculation	4	237,571	–	**237,571**	293,532	–	293,532
TOTAL RESOURCES EXPENDED		**1,419,240**	**3,800,102**	**5,219,342**	**4,083,129**	**185,325**	**4,268,454**
Net income/(expenditure)		797,885	329,155	**1,127,040**	(847,566)	389,277	(458,289)
Transfer between funds	14	(632,808)	632,808	**–**	538	(538)	–
Other recognised							
Net gains (losses) on disposal of tangible fixed assets	10	(40,415)	–	**(40,415)**	–	–	–
Net movement in funds		124,662	961,963	**1,086,625**	(847,028)	388,739	(458,289)
Reconciliation of funds:							
Total funds brought forward	13	1,407,758	393,870	**1,801,628**	2,254,786	5,131	2,259,917
Total funds carried forward		**1,532,420**	**1,355,833**	**2,888,253**	**1,407,758**	**393,870**	**1,801,628**

Balance sheet

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	**1,816**	64,166
Intangible assets	10	**127,213**	58,104
		129,029	**122,270**
CURRENT ASSETS			
Debtors	11	**88,514**	76,348
Cash at bank and in hand		**2,695,306**	412,890
Deposit accounts		**6,536**	1,217,336
		2,790,356	**1,706,574**
LIABILITIES			
Creditors: amounts falling due within one year	12	**(31,132)**	(27,216)
TOTAL NET CURRENT ASSETS OR LIABILITIES		**2,759,224**	**1,679,358**
TOTAL NET ASSETS OR LIABILITIES		**2,888,253**	**1,801,628**
THE FUNDS OF THE CHARITY			
Unrestricted funds			
Designated funds	13	**-**	779,475
General funds	13	**1,532,420**	628,283
Restricted funds			
Restricted Zakat funds, restricted Sadaqah and grants	13	**1,355,833**	393,870
TOTAL FUNDS		**2,888,253**	**1,801,628**

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 1 January 2016).

Approved by the Board on 29 June 2021 and signed on its behalf by:

Sultan Choudhury OBE
Trustee

Statement of cash flows

	2020 £	2019 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	**1,180,449**	(499,726)
Cash flows from investing activities:		
Dividends, profit and rents from investments	**9,200**	11,792
Proceeds from the sale of property, plant and equipment	**2,755**	–
Purchase of property, plant and equipment	**(120,788)**	(65,195)
Proceeds from sale of investments	**–**	–
Deposit account greater than 3 months	**1,210,800**	(111,792)
Net cash provided by (used in) investing activities	**1,101,967**	**(165,195)**
Cash flows from financing activities:		
Repayments of borrowing	**–**	–
Cash inflows from new borrowing	**–**	–
Receipt of endowment	**–**	–
Net cash provided by (used in) financing activities	**–**	–
Change in cash and cash equivalents in the reporting period	**2,282,416**	(664,921)
Cash and cash equivalents at the beginning of the reporting period	**412,890**	1,077,811
Change in cash and cash equivalents due to exchange rate movements	**–**	–
Cash and cash equivalents at the end of the reporting period	**2,695,306**	**412,890**
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	**1,086,625**	(458,289)
Adjustments for:		
Depreciation charges	**69,859**	41,305
(Gains)/losses on investments	**–**	–
Dividends, interest and rents from investments	**(9,200)**	(11,792)
Loss/(profit) on the sale of fixed assets	**41,415**	–
(Increase)/decrease in stocks	**–**	–
(Increase)/decrease in debtors	**(12,166)**	(25,044)
Increase/(decrease) in creditors	**3,916**	(45,906)
Net cash provided by (used in) operating activities	**1,180,449**	**(499,726)**
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	**2,695,306**	412,890
Total cash and cash equivalents	**2,695,306**	**412,890**

Notes to the financial statements

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1 Legal status

National Zakat Foundation (NZF) is a company limited by guarantee, company number 08536743 registered in England & Wales, and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

NZF's Charity Commission registration number is 1153719 and its registered address is Kemp House, 152-160 City Road, London, EC1V 2NX.

1.2 Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Charities SORP (FRS102, effective 1 January 2016), the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The National Zakat Foundation meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Preparation of the accounts on a going concern basis

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. The Trustees are not aware of any material uncertainties about the charity's ability to continue and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of Trustees' responsibilities on page 34.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

In the view of the Trustees, the only significant estimations are those linked to the allocation of support costs across our charitable and non-charitable activities. Allocations of this nature inherently require estimation of time spent on certain activities and other resources use judgements.

1.4. Volunteers

Volunteers support the work of National Zakat Foundation in three ways:

Contributing professional services

Professionals contribute their services at a reduced or pro bono rate. This includes financial skills, human resources support and legal advice.

Grant Officer support

Volunteer Grant Officers, both short-term and long-term, have worked with the Zakat distribution team to provide assistance in the processing of Zakat applications and queries. Volunteer Grant Officers have direct interaction with Zakat applicants. The role is one that provides invaluable experience of being on the front line. Volunteers are supported and trained in their roles by employees and given assistance where required.

Raising awareness

Volunteers across the UK help spread the message both online and offline about National Zakat Foundation so more people know what the organisation does and why it exists. This may involve sharing social media posts, distributing flyers at events or facilitating Zakat workshops/seminars.

Due to the difficulty in valuing the total contribution of volunteer time and skills, the value of services provided by volunteers has not been included in the financial statements.

1.5. Income

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the investment income paid or payable by the bank.

1.6. Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT incurred and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its grant recipients and other beneficiaries. It comprises costs that can be allocated directly to such activities. Costs of raising funds comprise the costs associated with attracting voluntary income.

1.7. Support costs and governance costs

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are a component of support costs, and include audit fees, professional fees, licence fees and compliance costs, and related staff costs. Support costs are allocated on the basis of the amount of direct time attributable to each area.

1.8 Redundancy accounting policy

Redundancy costs arising from periodic reviews of staff levels are charged as an expense when the liability is incurred.

1.9 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Where unrestricted funds have been designated, the likely timing of the expenditure is before the start of the following Ramadan.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

1.10 Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Notes to the financial statements continued

1.11 Cash at bank and in hand and on deposit

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash held on deposit includes short-term investments with a maturity of four months; these represent a portion of Zakat funds which are released over the course of the Zakat distribution cycle to ensure that distribution of Zakat occurs throughout the year.

1.12 Tangible and intangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	–	Straight line over 5 years
Fixtures, fittings and equipment	–	Straight line over 3 years
Intangible assets	–	Straight line over 3 years

All items of expenditure greater than £750 are capitalised if they meet the definition of a fixed asset as stated within FRS102.

1.13 Operating leases

The charity classifies the lease of office equipment and office space as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Zakat	406,145	4,065,826	**4,471,971**	2,231,076	532,801	2,763,877
Zakat-ul-Fitr	–	33,646	**33,646**	–	10,682	10,682
Fidyah and Kaffarah	–	29,785	**29,785**	–	23,869	23,869
Sadaqah	853,136	–	**853,136**	442,999	3,500	446,499
Riba	130,214	–	**130,214**	74,254	–	74,254
Income for NZF services	1,100	–	**1,100**	15,591	–	15,591
Gift Aid	737,330	–	**737,330**	459,851	–	459,851
Grant income	80,000	–	**80,000**	–	3,750	3,750
	2,207,925	**4,129,257**	**6,337,182**	**3,223,771**	**574,602**	**3,798,373**

Zakat:

From May 2019, we gave givers the choice to restrict their Zakat to be given to individuals in need only. We then held an internal review to see how NZF could increase givers' trust in the charity.

From February 2020, we gave givers full choice about the nature of the impact of their Zakat: givers were offered a choice of three restricted funds to support (Hardship Relief, Housing & Work, and Education).

From February 2020, Zakat givers were also offered choice about how to contribute unrestricted funds to cover the direct costs of getting their Zakat to the recipient effectively, efficiently and compassionately. Each Zakat giver contributed 10% of their Zakat or gave an additional 10% as a voluntary contribution. We committed to reducing this percentage from 12.5% in 2019 to 10% in 2020. Across all Zakat givers, the percentage of Zakat used to cover that expense was 9.2% (2019: 12.5%).

In 2020, Islamic Relief contributed £350,000 Zakat to National Zakat Foundation.

Zakat-ul-Fitr: The use of funds is restricted to providing cash grants for food for the poor and needy.

Fidyah and Kaffarah: The use of funds is restricted to providing cash grants for the poor and needy.

Restricted grant income and restricted Sadaqah: the use of funds was for charitable activity by the Grenfell Muslim Response Unit.

3. INVESTMENT INCOME

	Total funds 2020 £	Total funds 2019 £
Income on deposits	**9,200**	11,792
	9,200	**11,792**

4. ANALYSIS OF EXPENDITURE

Expenditure by activity

	Hardship Relief £	Housing & Work £	Education £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2020 £	Total 2019 £
Zakat and Zakat-ul-Fitr grants	2,891,819	671,570	177,280	59,434	-	3,800,103	-	**3,800,103**	2,979,062
Direct employees costs	256,908	71,058	32,813	-	44,343	405,122	67,676	**472,798**	380,989
Direct costs	227,439	64,631	38,238	-	172,888	503,196	239,846	**743,042**	696,416
Support and governance costs	128,470	29,835	10,516	-	20,340	189,161	14,238	**203,399**	211,987
	3,504,636	**837,094**	**258,847**	**59,434**	**237,571**	**4,897,582**	**321,760**	**5,219,342**	**4,268,454**

Prior Year

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2019 £	Total 2018 £
Zakat and Zakat-ul-Fitr grants	2,573,797	–	405,265	-	2,979,062	-	**2,979,062**	3,245,335
Direct staff cost (salaries, NI, pension)	287,818	–	20,963	52,088	360,869	20,120	**380,989**	619,455
Direct costs	205,104	11,843	57,895	222,229	497,071	199,345	**696,416**	431,351
Support and governance costs	152,264	–	25,690	19,215	197,169	14,818	**211,987**	239,154
	3,218,983	**11,843**	**509,813**	**293,532**	**4,034,171**	**234,283**	**4,268,454**	**4,535,295**

Notes to the financial statements continued

Expenditure by income type

	Hardship Relief £	Housing & Work £	Education £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2020 £	Total 2019 £
Zakat and Fidyah/ Kaffarah	2,858,172	671,570	177,280	59,434	–	3,766,456	–	**3,766,456**	2,979,062
Zakat-ul-Fitr	33,646	–	–		–	33,646	–	**33,646**	10,682
Zakat – for direct costs	288,561	67,801	23,898		–	380,260	–	**380,260**	425,984
Sadaqah, Riba, Gift Aid and other income	324,527	97,723	57,669		237,571	717,220	321,760	**1,038,980**	852,726
	3,504,636	**837,094**	**258,847**	**59,434**	**237,571**	**4,897,582**	**321,760**	**5,219,342**	**4,268,454**

Prior Year

	Economic Empowerment £	Grenfell Muslim Response Unit £	Leadership Investment £	Zakat Education and Calculation £	Total direct cost of charitable activity £	Cost of raising funds £	Total 2019 £	Total 2018 £
Zakat and Fidyah/ Kaffarah	2,573,797	–	405,265	–	2,979,062	–	**2,979,062**	2,788,852
Zakat-ul-Fitr	10,682	–	–	–	10,682	–	**10,682**	14,815
Zakat – for direct costs	379,274	–	46,710	–	425,984	–	**425,984**	394,373
Sadaqah, Riba, Gift Aid and other income	255,230	11,843	57,838	293,532	618,443	234,283	**852,726**	1,337,254
	3,218,983	**11,843**	**509,813**	**293,532**	**4,034,171**	**234,283**	**4,268,454**	**4,535,295**

5. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

	2020 £	2019 £
Support costs		
Office administration	**53,617**	70,931
Office Services excl depreciation	23,148	39,037
Depreciation	69,859	41,305
Office services:	**93,007**	80,342
Governance (incl external audit)	**56,776**	60,714
	203,400	**211,987**

Governance costs:		
Audit fees	**10,530**	10,920
Auditor fees for non-audit services	**–**	–
Other professional fees	**4,330**	9,163
Licence fee and compliance costs	**27,547**	28,317
Staff costs	**14,369**	12,314
	56,776	**60,714**

During 2020, other professional fees consisted of legal fees and external accountancy services.

6. ZAKAT GRANTS PAID TO ORGANISATIONS

Programme	Organisation	Project	2020 £	2019 £
Leadership Investment	Muslim Council of Britain	Centre for Media Monitoring	59,434	49,943
Leadership Investment	Cambridge Muslim College	BA Programme		125,000
Leadership Investment	Turath	Turath Scholarship Fund		30,000
Leadership Investment	FOSIS	Governance support		9,500
			59,434	**214,443**

7. NET INCOMING RESOURCES

	2020 £	2019 £
Net incoming resources for the period is stated after charging:		
Gains on disposal of fixed assets	**(932)**	
Losses on disposal of fixed assets	**41,347**	
Depreciation and other amounts written off fixed assets	**69,859**	41,305
Total depreciation and other amounts written off fixed assets	**110,274**	41,305
Operating lease charges	**36,074**	66,900
Auditor's remuneration (Including VAT):		
Audit fees	**10,530**	10,920
Non-audit fees	**–**	–

Notes to the financial statements
continued

8. ANALYSIS OF EMPLOYMENT COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2020 £	2019 £
Employment costs:		
Wages and salaries	**516,822**	457,747
Social security costs (employers NI)	**45,304**	40,890
Employer pension contribution	**11,272**	8,485
	573,398	**507,122**

No employee (2019: no employee) had employee benefits in excess of £60,000.

Employment costs exclude amounts paid to external consultants in 2020 of £121,308 (2019: £127,269).

This amount comprises three consultants filling the roles of Marketing Director, Director of Fundraising and Head of Technology.

The charity Trustees were not paid and did not receive any other benefits from employment with the charity in the year (2019: £nil). In 2020, no Trustee was reimbursed for travel expenses (2019: £nil). No charity Trustee received payment for professional services or other services supplied to the charity (2019: £nil).

The key management personnel of the charity comprised the CEO, Director of Services, Director of Marketing (consultant for majority of the year) and Director of Operations. Their employee benefits total £170,252 (2019: £162,533) including Employers NI. The employees' component of this cost is included within employment costs above; the consultant component is included within the consultants' payments above.

Employee numbers:

The average number of persons employed by National Zakat Foundation whether on a full-time or part-time basis during the period was as follows:

	2020 FTE	2019 FTE
All team	**16.5**	**14.7**

Average employee numbers by team

	2020 No.	2019 No.	2020 FTE	2019 FTE
Services	13	11	11.0	9.3
Marketing	3	2	3.0	2.0
Operations	3	3	2.5	3.4
	19	**16**	**16.5**	**14.7**

9. TAXATION

National Zakat Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

10. INTANGIBLE AND TANGIBLE FIXED ASSETS

	INTANGIBLE £	TANGIBLE Buildings £	TANGIBLE Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2020	75,030	155,171	29,743	259,944
Additions in year	119,799	–	989	120,788
Disposals in year	–	(155,171)	(14,115)	(169,286)
At 31 December 2020	**194,829**	**–**	**16,617**	**211,446**
Depreciation				
At 1 January 2020	16,926	94,871	25,877	137,674
Charge for the year	50,690	17,646	1,523	69,859
Eliminated on disposal	–	(112,517)	(12,599)	(125,116)
At 31 December 2020	**67,616**	**–**	**14,801**	**82,417**
Net book value at 31 December 2020	**127,213**	**–**	**1,816**	**129,029**
At 31 December 2019	58,104	60,299	3,866	122,269

The intangible additions are capital expenditure which has improved the experience for Zakat givers, and enabled givers to have more choice over their donation.

The disposals relate to the charity leaving the office premises and moving to a remote working model.

11. DEBTORS

	2020 £	2019 £
Trade debtors	**–**	–
Accrued income	**12,997**	10,093
Prepayments	**1,350**	35,557
Other debtors	**74,167**	30,698
	88,514	**76,348**

Notes to the financial statements
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12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	**16,410**	10,617
Taxation and social security	**–**	–
Accruals and deferred income	**10,650**	16,599
Other creditors	**4,072**	–
	31,132	**27,216**

Some Zakat grants are approved in principle for periods which extend past the year end date. Subsequent period Zakat grants represent planned future commitments but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress.

As at 31 December 2020, planned future commitments under formal multi-year funding cycle approvals amounted to £nil (2019: £59,434).

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Fund balances at 31 December 2020 as represented by:				
Tangible and intangible fixed assets	129,029	–	**129,029**	122,269
Net current assets	1,403,391	1,355,833	**2,759,223**	1,679,359
	1,532,420	**1,355,833**	**2,888,253**	**1,801,628**

Prior Year

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Fund balances at 31 December 2019 as represented by:				
Tangible and intangible fixed assets	122,269	–	**122,269**	98,379
Net current assets	1,285,490	393,870	**1,679,359**	2,161,539
	1,407,758	**393,870**	**1,801,628**	**2,259,917**

14. ANALYSIS OF FUNDS

	1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2020 £
Unrestricted designated	779,475			(779,475)	–
General funds	628,283	2,218,057	(1,460,587)	146,667	1,532,420
Total unrestricted funds	**1,407,758**	**2,218,057**	**(1,460,587)**	**(632,808)**	**1,532,420**
Zakat funds	393,870	4,065,826	(3,736,671)	632,808	1,355,833
Zakat-ul-Fitr	–	33,646	(33,646)		–
Fidyah and Kaffarah	–	29,785	(29,785)		–
Total restricted funds	**393,870**	**4,129,257**	**(3,800,102)**	**632,808**	**1,355,833**
	1,801,628	**6,347,314**	**(5,260,689)**	**–**	**2,888,253**

	1 January 2019 £	Income £	Expenditure £	Transfers £	31 December 2019 £
Zakat (designated)	1,790,645	2,231,076	(3,242,246)	–	779,476
General non-Zakat and grants	464,141	1,004,487	(840,883)	538	628,283
Total unrestricted funds	**2,254,786**	**3,235,563**	**(4,083,129)**	**538**	**1,407,758**
Zakat	–	532,801	(138,931)	–	–
Zakat-ul-Fitr	–	10,682	(10,682)	–	–
Fidyah and Kaffarah	–	23,869	(23,869)	–	–
Restricted Sadaqah and grants	5,131	7,250	(11,843)	(538)	–
Total restricted funds	**5,131**	**574,602**	**(185,325)**	**–**	**393,870**
	2,259,917	**3,810,165**	**(4,268,454)**	**–**	**1,801,628**

15. OPERATING LEASE COMMITMENTS

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Property		Office equipment		Total	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Due within one year	–	66,000	–	900	–	66,900
Due between two to five years	–	66,000	–	–	–	66,000
Due in over five years	–	–	–	–	–	–
	–	**132,000**	**–**	**900**	**–**	**132,900**

Notes to the financial statements
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16. RELATED PARTIES

Azim Kidwai is a Trustee of NZF and a Director of NZF Worldwide.

In 2020, NZF paid £24,000 (2019: £24,000) to NZF Worldwide in licence fees as part of a brand licensing agreement. NZF paid £24,000 (2019: £24,000) to NZF Worldwide as part of a Service Level Agreement.

In return, in 2020, NZF Worldwide presented the NZF model at the World Zakat Forum 2020, and also presented NZF UK as a case study in the International Conference of Zakat held from Indonesia. NZF Worldwide showcased the NZF UK model at the United Economic Forum World Summit, which 7,000 international delegates attended. Further, NZF UK was presented in the AMP National Convention in India. In addition, NZF Worldwide organised monthly forums for NZF UK with other NZF member countries to learn best practices. NZF Worldwide secured Shariah certification from Markaz al-Iftā' wa'l-Qadā as part of which it facilitated a Zakat audit undertaken by Markaz al-Iftā' wa'l-Qadā.

In line with the Service Level agreement, NZF Worldwide researched calculation matters and managed the Zakat calculation queries throughout the year, and specifically in the Ramadan period. It developed Zakat Standards to guide the operations of NZF UK and supported staff with operational queries. In addition, NZF Worldwide conducted a Zakat review of operations and produced an independent report. In line with the NZF WW Audit Framework, the Zakat auditor was of the view that "the Foundation has a robust framework and policies in place... The Zakat auditor commends the overall progress, the work and determination that the Foundation espouses in its operations." The Zakat auditor made recommendations to strengthen grant distribution controls further.

Sabah Gilani OBE is a Trustee of NZF and CEO of Better Community Business Network (BCBN). NZF pre-paid £15,000 in 2019 to be the headline charity partner at the BCBN gala event in 2020; this has been postponed due to COVID-19.

Muhammed Yesilhark is a Trustee of NZF and is an advisor to Shamaazi Ltd. In 2020, NZF paid £60,000 to Shamaazi for featuring NZF within the 'MyTenNights' giving app.

In 2020, total Trustee donations amounted to £2,936.83 (2019: £3,476).

17. POST BALANCE SHEET EVENT

NZF entered into a loan agreement after the year-end. The charity has agreed to borrow £200,000 repayable after 12 months to invest in its marketing activities. The funds borrowed under the Facility will be used towards ensuring, so far as we are able, that sufficient funds are given to maintain our services to meet increased demand resulting from COVID-19. The loan is unsecured. The loan is repayable within 12 months. The loan is Shariah compliant.

Helping you bring Zakat to life where you live

Working towards a thriving, closer Muslim community

National Zakat Foundation

National Zakat Foundation is a registered charity in England and Wales (1153719)