

Annual Report & Financial Statements
year ended 31 December 2005



Islamic Relief Worldwide*
Subsidiary Undertakings &
*(formerly known as Islamic Relief)

**ISLAMIC RELIEF WORLDWIDE (FORMERLY KNOWN AS ISLAMIC RELIEF)
AND SUBSIDIARY UNDERTAKINGS
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005**

CONTENTS

Trustees Report / Directors Report:

Reference and Administrative Details	2
Structure, Governance and Management	3 - 6
Our Vision Mission and Aims	7
Activities, Achievements and Performance	8 - 15
Fundraising Performance	15 - 16
Financial Review	16 - 19
Future Activities	19 - 20
Auditor's Report	21
Consolidated Statement of Financial Activities	22
Consolidated and Charity Balance Sheets	23
Consolidated Cash Flow	24
Notes to the Accounts	25 - 42

ISLAMIC RELIEF WORLDWIDE REFERENCE AND ADMINISTRATIVE DETAILS

Charity Registration No: 328158
Company Registration No: 2365572

Address of Principal Office

19 Rea Street South
Digbeth
Birmingham
B5 6LB

Name of Trustees/Directors who served during the year and as at 31st December 2005

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

Company Secretaries

Dr. M El-Alfy
Dr. E El-Haddad

Senior Personnel

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

Chief Executive Officer : Mr. H Atallah FCA, FRSA

Names of the Board of Management who served during the year and as at 31st December 2005

Dr. H A G El-Banna (Chairman)
Mr. H Atallah
Dr. H Said
Mr. H Khalifa
Mr. N Haghamed
Mr. R Lahlou
Dr. A El-Bendary
Mr. W Yaqub
Mr. I Awan

Auditors

Dains Chartered Accountants
St. Johns Court
Wiltell Road
Lichfield, Staffordshire
WS14 9DS

Bankers

- | | |
|--|---|
| 1. Barclays Bank Plc
15 Colmore Row
Birmingham
B3 2BY | 2. Natwest Plc
103 Colmore Row
Birmingham
B3 2AS |
|--|---|

Solicitors

Mills & Reeve
78-84 Colmore Row
Birmingham
B3 2AB



STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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



Distribution of aid following the earthquake in Muzafabad Kashmir.

Board of Trustees

The governance of Islamic Relief Worldwide is the responsibility of the Board of Trustees and is currently made up of 5 trustees. The director's of the company are also the charity trustees for the purpose of charity law.

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

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

Recruitment and Appointment of Trustees

Members of the Board of Trustees devote their time voluntarily and show a significant commitment of time and energy. When appointing Trustees emphasis is placed on getting the diversity of skills and knowledge that is required for an effective Board.

The process entails determining the optimum skills, knowledge and experience mix for the current operational climate and needs, identifying potential trustees and promoting and explaining the activities of the Board to potential trustees. Quality, characteristics and qualifications are decided upon when selecting members of the Board of Trustees. However, the process may include personal approaches to potential candidates. Once short-listed the Chairman of the Appointments Committee contacts all nominees in writing and the selection process is then enacted to select the Trustees.



Aid is distributed to survivors of the Tsunami.



Destruction caused by the Tsunami in Indonesia.

Induction and Training of Trustees

The induction of new Trustees includes an explanation regarding the function of the Board of Trustees and appointing a mentor for the new member to the Board of Trustees. An overview of the organisation and its activities is provided. The contribution the new member will be able to make is explored.

Islamic Relief Worldwide encourages ongoing training to fulfil development needs of the Trustees. This is achieved by encouraging Trustees to identify personal training needs while training is provided for the new or emerging areas of responsibility. Training is treated as an essential and regular Board of Trustees activity ensuring it is professional and appropriate. All training provided is later evaluated. Trustees are given a welcome pack which includes copy a of the Memorandum and Articles of Association, Financial Statements, copy of board minutes and a copy of Charity Commission guidance 'The Essential Trustee'.

Board of Management

The Board of Trustees appointed a Board of Management whose role is to follow up the progress in the implementation of the strategy approved by the Board of Trustees. The Board of Management receives regular reports on the performance of the organisation. The annual financial reports along with plans and budgets are approved by the Board of Management before presenting them to the Trustees. This is where the approval of policies and procedures that are to be implemented throughout the organisation takes place.

Key Personnel

The President is the chairman of Islamic Relief Worldwide Board of Management and is the key person responsible for representing the organisation at an international level.

The Chief Executive Officer is responsible along with other senior staff for the day-to-day management of the organisation. The Chief Executive Officer is accountable to the Board of Trustees, and also chairs the Executive Committee which supervises the daily activities of Islamic Relief Worldwide. The Executive Committee includes the Divisional Directors at the headquarters.

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

TIC International Limited, a trading subsidiary, supports the fund-raising activities of Islamic Relief Worldwide through the provision of recycling clothes. The assets, liabilities and trading results of this company are incorporated in these consolidated Financial Statements.

Organisational Structure

The Islamic Relief Global Family

Islamic Relief Worldwide's headquarters is based in Birmingham, United Kingdom. It operates through a global network of locally registered Islamic Relief partners/affiliated implementing partners. Affiliated partners are, for example, field offices such as Islamic Relief Pakistan, Islamic Relief Niger, Islamic Relief Sudan. They liaise closely with Islamic Relief headquarters within a formal reporting and monitoring framework that ensures all affiliates work towards the achievement of the same core strategic objectives.



Chechen children drinking water in Yandere Camp, Ingushetia.

The Islamic Relief Partners listed below are established as separate independent legal entities with their own jurisdiction. For this reason their results are not included within these accounts, as Islamic Relief Worldwide only includes funds transmitted to the UK. They are primarily dedicated to raising humanitarian funds and awareness of Islamic Relief Worldwide projects, but also carry out humanitarian programmes in their own countries.

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

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

- Afghanistan
- Albania
- Bangladesh
- Bosnia
- China
- Egypt
- Ethiopia
- India
- Indonesia
- Iraq
- Jordan
- Kenya
- Kosova
- Iraq
- Mali
- Niger
- Pakistan (including Pakistan administered Kashmir)
- Palestinian Authority Areas
- Russian Federation (Chechnya / Ingushetia)
- Sudan
- Yemen



Distribution of Qurbani Parcel in India.

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

Restructure

Islamic Relief Worldwide in the United Kingdom restructured the organisation to facilitate a streamlined operation. A new entity was formed in the name of Islamic Relief (UK) Company Registration No: 5483053 on 16 June 2005 and Registered Charity No: 1112111 on 17 November 2005.

Islamic Relief (UK) main activities will encompass Fund-raising in the United Kingdom for humanitarian (emergency and development) projects and raising awareness of Islamic Relief Worldwide activities. Islamic Relief (UK) will commence activities from 1 January 2006, Islamic Relief (UK) will be a subsidiary of Islamic Relief Worldwide.

The charity formed in 1984 (Registered Charity No. 328158) will now under the name of Islamic Relief Worldwide with effect from 21 March 2006 become the universal coordinator and implement global relief and development projects. It is responsible for raising the profile of the organisation worldwide and raising income from parts of the world where partner donors operate.

Working with other organisations

Islamic Relief Worldwide works with other organisations to achieve common goals. Such organisations include: Department for International Development (DFID), World Food Programme (WFP), European Commission (EC), European Commission Humanitarian Organisation (ECHO), Catholic Agency for Overseas Development (CAFOD), Disasters Emergency Committee (DEC) and others. These relationships are mainly based on project/programme implementation. Islamic Relief Worldwide has engaged with these institutional organisations and contributed on a range of recent projects such as the post-Tsunami relief campaign in Sri Lanka and Indonesia. Other main areas of joint project implementation included: Sudan, Chechnya, Afghanistan, Niger and Kashmir.



Primary School construction in Aceh.

Risk Management

The Board of Trustees constantly review risks faced by the organisation and play an active role in both risk-assessment and mitigation. They have also implemented a risk management policy related to risks faced by Islamic Relief Worldwide in the provision of humanitarian aid. A process of identifying risks and developing an ongoing programme to monitor and mitigate them is undertaken and reviewed by the Management Committee and the Board of Trustees. This ongoing programme incorporates all aspects of risks to the organisation relating to governance, operations, finances and external fulfilment. The Executive ensures that recommendations of the Internal Audit Unit are followed up.

Internal Audit & Control

The Internal Audit department's objective is to carry out a programme of regular risk-based cyclical audits across fund-raising partners and affiliated implementing partners, thus all reports are directly addressed to the Chief Executive Officer. These reports are reviewed by the Internal Audit Committee of the Board of Trustees. The audit programme includes risk-based audits of overseas projects and UK based functions.

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

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

Directors/Trustees

The Directors/Trustees, who constitute the Executives, are elected by the Annual General Meeting of Members. The Executives have the authority to appoint additional Directors to fill a casual vacancy. Directors appointed in this manner are eligible for re-election at the Annual General Meeting. The conduct of such formalities is governed in general by the Companies Act 1985. The following Directors/Trustees held office since 1 January 2005:

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

Specific Restrictions

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

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

Directors/Trustees' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year to give a true and fair view of the company's state of affairs, alongside the profit or loss of the company given as at the stated period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are disclosed with reasonable accuracy of the financial position at any given time, and further ensure financial statements comply with requirements of Companies Act 1985. Generally the Directors are responsible for safeguarding the assets of the company, hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

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

Our Vision, Mission & Aims

Islamic Relief Worldwide is a non-governmental, non-political humanitarian aid organisation with operations in over 28 countries. It is dedicated to helping people in need.

Objectives of Islamic Relief Worldwide

Islamic Relief Worldwide's objective, as set out in the governing document, is to relieve poverty in any part of the world.

Our Vision

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

Our Mission

Inspired by Islamic values, Islamic Relief Worldwide will be a worldwide role model in:

- ◇ Assisting individuals, groups and institutions to develop safe and caring communities.
- ◇ Helping the poor and those who are suffering to enjoy self-reliance, with dignity.
- ◇ Making it possible for those who wish to support others to reach those in need of their help.

To achieve this, we will raise funds, build partnerships and communicate key messages as we work to:

- ◇ Mitigate the effect of disasters, prepare for their occurrence and respond by providing relief and rehabilitation.
- ◇ Promote sustainable development through programmes in education, health & nutrition, water & sanitation and income generation.
- ◇ Advocate on behalf of the poor and suffering.

These are to be carried out regardless of the race, gender or belief of beneficiaries, and most importantly without the expectation of anything in return.

Our Aims

1. Directing our efforts to help the world's poorest people.
2. Delivering emergency aid to parts of the world affected by poverty and natural or unnatural disasters, hence setting up various development projects that help empower people in need. These can be broadly categorised as follows:
 - Health and Nutrition
 - Water Supply and Sanitation
 - Sustainable Livelihoods
 - Institutional Development and Social Organisation
 - Education and Vocational Training
 - Orphan Sponsorship
3. Working alongside partner organisations in pursuit of common objectives. This helps to utilise local knowledge as well as assisting development work. In all cases, the work is monitored directly by Islamic Relief Worldwide's officers to ensure that the programme is delivered in accordance with the organisation's standards and maximum value is obtained for the beneficiaries.
4. Islamic Relief Worldwide procedures also ensure that partner organisations receiving support are appropriately examined before any funds are channelled for charitable purposes.



Afghan children enjoy the newly installed water pump.

Activities, Achievements and Performance

Islamic Relief Worldwide's prime activity in furthering its overall objective is the immediate provision of emergency aid and implementation of development projects throughout the world. However, much emphasis on providing humanitarian assistance is placed upon developing countries.

EMERGENCY RELIEF 2005

OBJECTIVES: To respond to emergencies efficiently in a timely manner in order to reduce the suffering of the affected people.

In order to achieve this objective, we aim to employ the following strategies:

1. To develop an organisational capacity to respond effectively to disasters.
2. To reduce vulnerability by supplying food and emergency relief.
3. Advocate on behalf of the vulnerable and needy.

ACTIVITIES:

Islamic Relief Worldwide is dedicated to responding to disasters such as floods, famines, earthquakes and wars. Islamic Relief Worldwide is also committed to delivering aid to victims in the shortest possible time. A specifically designated Emergency Response Team is on constant alert in various countries around the world, ready to mobilise at a moment's notice.

Whilst disasters and emergencies can never be predicted, Islamic Relief Worldwide plans for them by responding quickly which has always been the utmost priority.

Southeast Asia Tsunami - Indonesia and Sri Lanka

An earthquake located off the west coast of Northern Sumatra occurred late December 2004 and claimed over 250,000 lives. The earthquake triggered rapid tsunami waves across Southeast Asia including Indonesia and Sri Lanka, drowning vast numbers of people. The day after the tsunami occurred, Islamic Relief Worldwide's emergency work was under way, providing first aid, water and life-saving relief items.

Immediate Response: After the Tsunami, Islamic Relief Worldwide distributed many family sized tents among the survivors and started the process of building permanent, earthquake-resistant homes in Aceh. In Sri Lanka, our efforts were focused in the region of Ampara, where again, temporary shelter was the priority.

Emergency Water and Sanitation Projects: With water supply systems contaminated and in many cases destroyed by the flood water of the tsunami, millions of people lacked safe water and were at risk of potentially deadly water-borne diseases like cholera and diarrhoea. Islamic Relief Worldwide worked on a water and sanitation programme which included the construction of sanitation facilities in addition to the drilling of bore holes. In Sri Lanka over 50 tube wells were installed.



Relief workers looking for survivors after the Tsunami.

Case Study:



Nine year old Eva smiles for the camera.

Nine-year-old Eva was rescued from the Tsunami by her father. She survived but unfortunately lost her beloved grandmother, her home, all her possessions and her school. Many pupils at her school also lost their lives.

The head teacher of Eva's school, Mrs Rochni, has been teaching Eva and the very few surviving children at a temporary school set up by Islamic Relief Worldwide in Labuy village in Aceh. A year on and Islamic Relief Worldwide has built a permanent school which was officially opened in December 2005. "The children love the new school so much that they stay here after classes are over!" Mrs Rochni told Islamic Relief Worldwide. "It is a sign that things are returning to normal."

Eva's father, and many people like him, are being supported by Islamic Relief Worldwide through livelihood projects. A taxi driver by profession, he lost his car in the Tsunami and was worried about how to support his family. Islamic Relief Worldwide provided him with a motorised rickshaw which assisted him in earning a living once again.

Emergency Education Projects: The Tsunami claimed the lives of many children and destroyed over 1,000 schools in Aceh. This resulted in children being unable to continue their education. Islamic Relief Worldwide helped rebuild the education infrastructure by reconstructing schools and supporting pupils with essential school equipment.

As part of Islamic Relief Worldwide's livelihood project, equipment and materials were provided to manufacture school uniforms, which were distributed amongst poor children. Over 20,000 children in 30 locations around Aceh have benefited from this project.

Asia Earthquake (India, Pakistan, Afghanistan)

The Asia Earthquake shook Pakistan and surrounding countries in early October 2005. It struck near Muzaffarabad, the capital of Pakistan-administered Kashmir. It was measured to be the strongest earthquake in the history of Pakistan. The devastation included destroyed buildings and villages that had been entirely wiped out. More than 73,000 people lost their lives and over 69,000 people were injured.

Immediate Response: Islamic Relief Worldwide undertook immediate action in the area of Muzaffarabad and acted as a leading agency on behalf of the International Non Governmental Organisation (NGOs). Islamic Relief Worldwide, having worked in Pakistan since 1992, was well-prepared to reach the affected areas quickly and effectively. Islamic Relief Worldwide immediately started the mass distribution of winterised tents, blankets, warm clothing, food items, plastic sheets, bottled water and essential medical supplies to the victims of this tragedy. In partnership with UNICEF, Islamic Relief Worldwide also distributed water purification tablets, jerry cans and installed water tanks.



Children warm their hands on fire at the onset of Winter in Kashmir.

Emergency Health Projects: One of Islamic Relief Worldwide's main priorities was to provide emergency first aid through the provision of mobile clinics and medicine. Islamic Relief Worldwide Neelum Valley Health Centre, with the assistance of community volunteers in Neelum Valley, received and treated the injured.

Case Study:

Among the survivors of the quake is Khushal Ahmed, who lives in the village of Dhar Dali in Bagh. When Islamic Relief Worldwide staff met him, he had just buried his seventeen-year-old daughter Shazia. She was crushed when the family house collapsed during the quake.

Holding back the tears he remembered the moment the disaster occurred: "Everyone was running to their own houses. My children were in the house when it collapsed, my eldest died. I asked people for help and we managed to recover her body."

Islamic Relief Worldwide was the first organisation to provide tents and emergency aid to the people of Bagh. Khushal, like many others in the city, was given shelter in a tent provided by Islamic Relief Worldwide. He said at the time, "Islamic Relief has helped us all. Nobody else has come as yet. We want to thank those from abroad who have helped us when we are in this situation."



Khushal Ahmed buried his daughter while holding his tears back.

Niger and Northern Mali

In 2005 Niger and Northern Mali were struck by catastrophic droughts and locust swarms. It was estimated that 3.6 million people in Niger were short of critical food aid. The total number of people affected by this crisis is thought to have exceeded 5 million, of which approximately 1.5 million were in Mali. Islamic Relief Worldwide implemented various projects to assist those affected.

Emergency and Relief: As part of the emergency intervention, Islamic Relief Worldwide distributed 10 tonnes of food aid in the Oulam district of Niger and 95 tonnes in the Gourma Rharous districts in Northern Mali. Large quantities of food and cereals were also distributed amongst women, children and disabled persons in the region.

Health Projects: As a consequence of the famine in Niger and Northern Mali, the health of the population was affected. Islamic Relief Worldwide initiated a health project where activities such as free medical consultation and treatment were provided to vulnerable people. Medical equipment and cooking utensils were provided by Islamic Relief Worldwide in Niger to therapeutic centres in Fillingue and Tera hospitals. In addition to this, new feeding centres were also constructed around the city of Tillaberi.

Case Study:

Zali Adamou is a 90-year-old widow, mother of six and grandmother of thirty. She is a farmer in Tondikiwindi in Niger. When Islamic Relief Worldwide distributed emergency food aid in her village, Zali spoke to staff about her life and fears as she struggled to survive the food crisis. She said, "I am an early riser. After the morning prayer, I go out into the bush to search for 'food' - hanza (wild grain) and hassou (leaves). These wild plants are now becoming scarce because we are all relying on them. I usually return home about five in the afternoon. We are all starving because nobody harvested last year. We all rely on hanza and hassou. Sometimes I go to the bush and come back empty-handed. We are hungry, and it is the real hunger of the stomach."



90-year-old Zali of Niger.



The little amount of Hanza (wild grain) that is collected on a daily basis.

She added, "I have no means to face this famine. I have no food, livestock, nothing. I only have God!"

Zali could barely see as the extreme hunger had meant her sight was severely weakened. Islamic Relief Worldwide helped Zali and many more in similar conditions by distributing food. Without aid, many people would have died. "Fortunately, God is good; he does not close all paths to His faithful," said Zali as she thanked Islamic Relief Worldwide for thinking about those living in such difficult conditions.

Other Emergencies

Flooding in Ethiopia: In April 2005, flooding of the Wabe Shebelle River washed away thousands of livestock animals and submerged acres of agricultural land. The flooding affected over 150,000 people. Islamic Relief Worldwide provided humanitarian aid and food for the affected people.

Drought in Southern Mali: In response to the drought that affected the region, Islamic Relief Worldwide distributed cereals and seeds. Islamic Relief Worldwide also constructed and maintained deep wells and latrines. A children's project in the area of Ouelessebouyou was also implemented, with various activities in the areas of health, education, water and community mobilisation.

Darfur Crisis, Sudan: The crisis in Darfur in 2005 showed little signs of easing. Islamic Relief Worldwide's main activity was providing beneficiaries with food, sanitation and material to facilitate the construction of traditional homes. Islamic Relief Worldwide conducted a camp management project in Kerinding 11 camp. This involved the drilling over 50 bore holes and installation of over 48 hand pumps. Amongst the many other activities was the establishment of hygiene workshops for internal refugees.

Flooding in Bangladesh: During March 2005 the Garibaldi and Rigour districts in Northern Bangladesh were struck by storms, torrential rainfall and flooding. Islamic Relief Worldwide's immediate response was the distribution of emergency food and hygiene kits. Furthermore, clothes and corrugated iron sheets, in addition to other housing materials, were distributed to help repair damaged homes. Water systems were also cleared to facilitate the flow of uncontaminated safe drinking water. Islamic Relief Worldwide also set up two medical teams to provide medical support and first-aid treatment.



Mother and daughter at the El Geneina camp in Darfur.

Conflict in the Northern Caucasus and Chechnya: Islamic Relief Worldwide's offices in Ingushetia, Kabardino Balkaria and Chechnya responded to the ongoing humanitarian crisis in the North Caucasus. The response included the distribution of hygiene packs and food parcels to families living in temporary accommodation centres at Grozny. Islamic Relief Worldwide also engaged in school feeding programmes and school reconstruction.

Conflict in South Sudan and Kenya: Throughout the past twenty years South Sudan has experienced partial conflicts in which millions of people lost their lives. Islamic Relief South Sudan has attempted to alleviate the catastrophic effect of these conflicts by launching a primary health care centre in Warrap as well as rehabilitating the existing health unit by providing medicine. Islamic Relief Worldwide also funded the construction and running costs of schools for girls.

Instability in Iraq: The humanitarian crisis in Iraq is extremely grave. The lack of security affects the population in almost every aspect of their lives. In 2005, Islamic Relief Worldwide responded to emergencies within Iraq through the distribution of food. It also distributed emergency health kits to hospitals and health centres.

Seasonal Projects

Feed the Needy

ACTIVITIES:

Muslims have a religious obligation to feed the poor and this requirement is especially poignant in the Islamic holy month of Ramadhan. During this time Muslims are required to fast during daylight hours so that they empathise with those who regularly go without food or water.



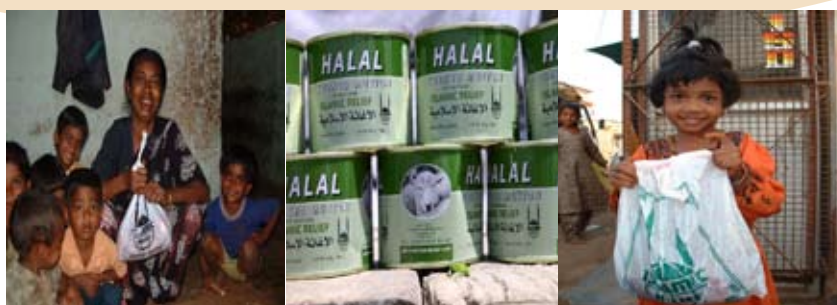
Ramadan food parcels distributed in Bosnia.

In Ramadhan 2005, which occurred in October, Islamic Relief Worldwide delivered food parcels containing beans, flour, sugar and dates which were distributed to millions of people in 22 countries around the world, including the troubled regions of West Darfur, Iraq, Sudan and the Palestinian Territories.

Qurbani

ACTIVITIES:

Qurbani is an Islamic rite carried out on the festival of Eid-ul-Adha. It involves the sacrifice of an animal – traditionally a sheep, goat, cow or camel – by those who can afford it. The meat of the slaughtered animal is partly consumed by the family undertaking the ritual and the rest is donated to the poor.



Qurbani meat distribution raw and canned to families in India and Indonesia

Islamic Relief Worldwide's Qurbani project enables those who can afford to offer a sacrifice to donate the Qurbani meat to communities around the world who cannot ordinarily afford to eat meat. Islamic Relief Worldwide performs Qurbani on behalf of tens of thousands of people every year and distributes the meat to areas where the need for nutritional assistance is greatest.

In unstable or remote areas where delivering raw meat is impractical, the use of canning facilities ensures the meat has a longer shelf-life and can be delivered easily to the poor. Furthermore, 'frozen cut' Qurbani is also distributed in places where meat is too expensive and cans are not sufficient. In 2005, the Qurbani was performed in many countries including Chechnya, Egypt, Jordan, Ethiopia, Sri Lanka and Somalia. In Chechnya alone over 30,000 people benefited from the project which targeted vulnerable members of society in particular, including widows, orphans and internally displaced persons (IDPs). For many of these people the Qurbani meat was their only meat intake for the whole year.

Education and Vocational Training

OBJECTIVES: To broaden opportunities for children and communities through improved education. In order to achieve this objective, Islamic Relief Worldwide aims to employ the following strategies:

1. To improve the capacity of teachers and formal/informal educational bodies to ensure sustainability in the education sector.
2. To improve educational infrastructure and facilities in order to optimise accessibility.
3. To increase access to education for children with special needs and to integrate them into wider society.

ACTIVITIES:

Islamic Relief Worldwide's Education and Vocational Training programmes place great emphasis on the elimination of illiteracy amongst marginalised sectors of society, particularly women and orphans. Within Islamic tradition, education is regarded as an important factor in the alleviation of poverty and deprivation. Basic literacy and vocational skills are needed to earn a living and without them people often find themselves trapped in a cycle of poverty.

Islamic Relief Worldwide has always regarded education as one of its highest priorities when considering the long-term development of any community, with the prime objective being to raise skills and education levels amongst future generations.

Islamic Relief Worldwide has improved the quality of education in many communities by training teachers, building schools and supplying education materials. In 2005, communities in Afghanistan, Albania, Bangladesh, Ethiopia, Mali and the Palestinian Territories benefited extensively from Islamic Relief Worldwide's education-centred programmes. Many vulnerable children, youth and adolescents were equipped with the skills and qualifications needed to improve their prospects of employment.



Adult literacy class in Bangladesh.

In war-torn Afghanistan, many children were born and raised in an unstable environment whilst other Afghan children have grown up in refugee camps outside their native country. In Kandahar, an educational and vocational training project, 'Ensuring Quality Education for School Children in Kandahar' was established to enable children to resume their education. As part of Islamic Relief Worldwide's commitment of reviving the education sector in Afghanistan, this project is an attempt to make the primary education infrastructure functional, through a process of reconstructing and re-equipping schools, training teachers, preparing manuals and establishing a resource centre.



Children at school in South Sudan

Sustainable Livelihoods

OBJECTIVES: To alleviate poverty through increasing the economic, social and physical capacity of communities to earn a sustainable living

In order to achieve this objective, Islamic Relief Worldwide aims to employ the following strategies:

1. To improve household income through the provision of micro-finance and/or skills training as well as employment generation.
2. To build the social capital of communities enabling them to lead a better life through the formation of civil society groups.



Various farms in the form of micro credit projects in Bangladesh and Palestine

ACTIVITIES:

Income Generation projects implemented by Islamic Relief Worldwide are designed to empower people to achieve self-sufficiency. These projects predominantly provide individuals with the opportunity to develop their skills in order to work their way out of poverty and earn a dignified living. Building the capacity of communities to improve their living standards through economic empowerment is an effective way of alleviating poverty. Islamic Relief Worldwide has successfully implemented many income-generation projects including micro-credit loans, business input provision, job creation, and local resource utilisation. Some of the countries that have been successfully implemented include Ethiopia, Mali, Pakistan and the Palestinian Territories.

In Albania, Bosnia, Kosova, Mali, Bangladesh and Sudan, families were provided with small interest-free business loans, increasing community revenue and boosting the local economy. In Bosnia, Islamic Relief Worldwide's micro-credit programme provided loans to poor individuals who did not qualify for loans from banks and other financial institutions. These loans provided families with the opportunity to reconstruct and repair their war effected homes.

Health and Water

OBJECTIVES: To increase access to appropriate and sustainable water and sanitation facilities with a focus on increased knowledge on hygiene practices.

In order to achieve this objective, we aim to employ the following strategy:

1. To improve the health and well being of targeted communities through increased access to preventive and curative health services.



Newly built clinic in Kosova.

ACTIVITIES:

Islamic Relief Worldwide is dedicated to meeting the healthcare needs of the world's most disadvantaged communities. Living in unhygienic conditions with little food and no clean water, millions of people are prone to malnutrition and ill health. Poverty creates a vicious cycle whereby the weak and malnourished easily fall ill, while those already suffering from disease become especially vulnerable to severe malnutrition. As part of its commitment to the Millennium Development Goals, Islamic Relief Worldwide puts great emphasis on its health and water programmes.

Health

The activities of Islamic Relief Worldwide's health programmes range from region to region, from the provision of simple equipment for care to the rehabilitation of large clinics. Projects are particularly aimed at improving the welfare of women and children. Some of Islamic Relief Worldwide's largest health programmes have been implemented in Bangladesh, Egypt, Indonesia and the Palestinian Territories.

In 2005, Islamic Relief Worldwide continued to provide health facilities in the Neelum Valley, in Pakistan-administered Kashmir. The people of Neelum Valley have suffered from years of conflict and instability. There was a general lack of basic health care facilities in the region compounded by a lack of doctors mainly due to the difficult terrain, low wages and poor facilities. Islamic Relief Worldwide constructed a health centre in the area which provided many important diagnostic and surgical facilities previously unavailable in the area. Alongside this construction a comprehensive health education programme was conducted by Islamic Relief's Worldwide community health workers.

Water and Sanitation



Reflexology for children with disabilities in Egypt

Limited access to clean water has a negative impact on almost every aspect of people's lives. In some countries the problem is caused by scarcity of water, whilst in others water may be plentiful but of poor quality. Inadequate water and sanitation facilities and a lack of awareness of basic hygiene have a devastating effect on communities and can lead to harvest failure, food shortage, sickness and even death.

The water and sanitation projects that Islamic Relief Worldwide implements around the world are an important part of its global activities. Work in this sector includes fairly straightforward projects like building latrine facilities, constructing tube wells and hand-pumps to larger scale operations like establishing water supplies for entire communities and rehabilitating major water treatment plants.



Islamic Relief Worldwide installed water pump in Bagh, Pakistan.

In 2005, water and sanitation projects were successfully implemented in various locations including China, Pakistan, Bangladesh and Kosova. Sanitation facilities were also constructed and Islamic Relief Worldwide worked in partnership with local communities

to provide training in how to maintain these water and sanitation systems. As water supplies are vital to every community, Islamic Relief Worldwide encourages communities to play an active part in meeting their own needs.

In Mali, Islamic Relief Worldwide operates a large water and sanitation project. According to WHO reports, 85% of diseases prevalent in Mali are water related. Only 45% of the population has access to safe drinking water sources and only 21% to sanitation services. In a number of remote villages in Mali, Islamic Relief Worldwide has built wells to provide much needed water and lower the risk of disease. Islamic Relief Worldwide also ran an extensive education and health awareness programme which resulted in positive changes and better health in many communities.

Orphans Welfare

OBJECTIVES: To contribute to the alleviation of child poverty by offering a comprehensive and integrated orphan welfare programme including education, health, social welfare and shelter.

In order to achieve this objective, Islamic Relief Worldwide aim's to employ the following strategies:

1. To ensure all sponsored children of school age are attending a formal/informal system of education.
2. To maintain and improve the overall physical health of sponsored children.
3. To provide extra curricular activities in order to build social skills of sponsored children.
4. To increase the number of sponsored orphans.
5. To ensure all sponsored orphans have adequate shelter/housing

ACTIVITIES:

Islamic Relief Worldwide supports orphans through an integrated One-to-One Orphan Sponsorship Programme. This scheme allows individual donors to sponsor an orphan through a monthly payment to cover the orphan's basic living costs including education, shelter, food, and clothing. Islamic Relief Worldwide ensures all sponsored children are in full time education during the time they are sponsored and that they live within their own family or community where possible.

Living through conflict or disaster can be traumatic for anyone, for children the effects are magnified noticeably. Orphans have to come to terms with their emotional trauma along with having to face the physical hardship and poverty that often accompanies the death of a parent.

Some of the countries where the Orphan Welfare Programme runs are Bangladesh, Bosnia, Iraq, Lebanon and the Palestinian Territories. These programmes have had a profound impact on children and their families. In the Palestinian Territories for example, the majority of sponsored children are from the Gaza Strip and a small percentage are from the West Bank. The sponsorship money is given directly to the guardian and pays for the education of orphans as well as providing them with regular health checks.



Children at the Allahuddin Orphanage in Afghanistan, Kabul.

Islamic Relief Worldwide firmly believes that children have a right to be safe from harm and have their welfare protected. In order to ensure this, Islamic Relief Worldwide developed a National Child Protection Policy in association with the NSPCC. This policy will be applicable to all Islamic Relief Worldwide partners globally. Islamic Relief Worldwide is training all staff working with children in terms of child protection issues.

Advocacy

OBJECTIVES: To contribute to the development policy discourse and where appropriate adding an Islamic perspective such as on issues like HIV, gender, rights-based approaches, micro finance and reproductive health.

In order to achieve this objective, Islamic Relief Worldwide aims to employ the following strategies:

1. To promote Islamic Relief Worldwide's agreed policies to the NGO community on humanitarian issues, identifying areas of co-operation and joint projects.
3. To strengthen human security and community solidarity through involvement in peace-building processes at a grassroots level.

ACTIVITIES:

Advocacy at Islamic Relief Worldwide is aimed at raising awareness of the impact of humanitarian aid as well as looking at the root social and political issues which affect its delivery. Islamic Relief Worldwide maintains this vision by increasing public awareness on certain issues, highlighting examples from our work in the media and discussing issues with key decision-makers.



Dr Hany El-Banna with HE Ahmed Sufan Deputy Prime Minister of Planning, HE Hamood Obad, Minister of Waqf of Yemen.

Since the tragic events of 9/11 there has been greater analysis and suspicion of Muslim Non-Governmental Organisations (NGOs). Islamic Relief Worldwide felt it was in a position to be able to help and offer support to smaller NGOs who had been unjustly targeted for government restrictions and in some cases closed down. The concept of developing a 'Humanitarian Forum' emerged to bring these issues to light. The problems were discussed and ways to solve them were agreed upon at the initial conference held in London in June 2005, attended by international NGOs and representatives of various governments.

The conference in London was conducted over two days. On the first day heads of Muslim NGOs were addressed by guest speakers from the British government. On the second day international organisations such as the United Nations and foreign politicians were addressed. It was agreed that a forum was necessary to discuss ways in which the image of Muslim NGOs could be improved through capacity building, training in good governance and regulatory issues, as well as highlighting the need to build bridges between Muslim NGOs and the wider international humanitarian community.

Over the past two years the Humanitarian Forum has conducted meetings and workshops in fifteen countries; UK, Syria, Turkey, Indonesia, Yemen, Bangladesh, Pakistan, Malaysia, Lebanon and Sudan, Egypt, Jordan, Qatar, Kuwait and South Africa. The objective of this research was to share information with Islamic Relief Worldwide partners in the Humanitarian Forum, the British Red Cross, Oxfam and the United Nations Office for the Co-ordination of

Humanitarian Affairs (UN OCHA). The Forum has since been researching the problems faced by local NGOs and how they can actively help resolve them.

Fund-raising Performance Against Objectives

OBJECTIVES: To communicate with donors and launch appeals effectively in cases of natural and man-made disasters.

In order to achieve this objective, Islamic Relief Worldwide employed the following strategies:

1. To liaise with individual and institutional donors to raise funds for emergency and development projects
2. To increase awareness and improve the marketing of the Orphan Welfare Programmes.
3. To examine the factors which encourage donors to continue their financial support and tailor marketing accordingly.

2005 bore witness to a massive earthquake in Kashmir, the redevelopment of communities affected by the Tsunami in 2004, and other disasters such as the food crisis in West Africa.

Islamic Relief Worldwide organised many events in the UK to help raise funds for humanitarian aid to reach those suffering in disaster-affected areas. The success of these events has proven that Islamic Relief Worldwide donors do not tire from supporting good causes.

At one event, entitled 'Night for a Million,' Islamic Relief Worldwide aimed to raise £1 million in one night for tsunami-victims. The event exceeded all expectations by far and managed to raise over £3.75 million.

Held one month after the devastating tsunami, 'Night for a Million' highlighted the continuing efforts of the British Muslim community to help the victims of disaster as part of the wider British response.

In order to help support the national Make Poverty History campaign, Islamic Relief Worldwide organised the 'iRUN' event in Scotland, raising funds in particular for Niger. All age groups took part in the successful project which is now in its second year.



Sponsored walk in Glasgow, Scotland.

In response to the devastating earthquake in Kashmir, numerous activities were carried out across the UK from Scotland to London. People organised street collections, indoor tournaments, bazaars, charity dinners, sponsored walks and concerts. Islamic Relief Worldwide has found the extraordinary generosity of the UK public very inspiring.

Cycle Relief in Birmingham, UK.

Islamic Relief Worldwide has numerous partners around the world who work to raise funds for our humanitarian programmes. Note 4 on page 27 shows the fundraising partners and the amounts donated to Islamic Relief Worldwide programmes on a global scale. For example, Islamic Relief USA raised £5 million for Islamic Relief Worldwide programmes through innovative and inspiring fundraising campaigns. Islamic Relief USA was awarded with a 4 - star rating by Charity Navigator,

the largest charity evaluator in the United States.

Grant making Policies

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

Volunteer Help and Gifts in Kind

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

During 2005, some 950 volunteers contributed to Islamic Relief Worldwide operations. Volunteers have assisted in the varying functions of Islamic Relief Worldwide donating their time in Islamic Relief Worldwide shops, administration and fund-raising activities.

The trustees extend their gratitude to all volunteers that assisted Islamic Relief Worldwide in achieving its goals and objectives. Furthermore, the trustees extend their gratitude to the public who have been very generous in providing gifts in kind, in particular clothing for resale through the Islamic Relief Worldwide shops. During 2005, substantial In-kind donations were received that included food, clothing, medical supplies and office equipment, the total value of these In-Kind donations was £2.2 million as shown in Note 13. In addition to this Islamic Relief Worldwide received 71 buses In-Kind, 37 were shipped to Indonesia and 34 to Sri Lanka, it has not been possible to assign a value therefore these buses and other In-Kind donations received to which no value could be assigned have not been reflected in the financial statements.

Financial Review

Income and Funding

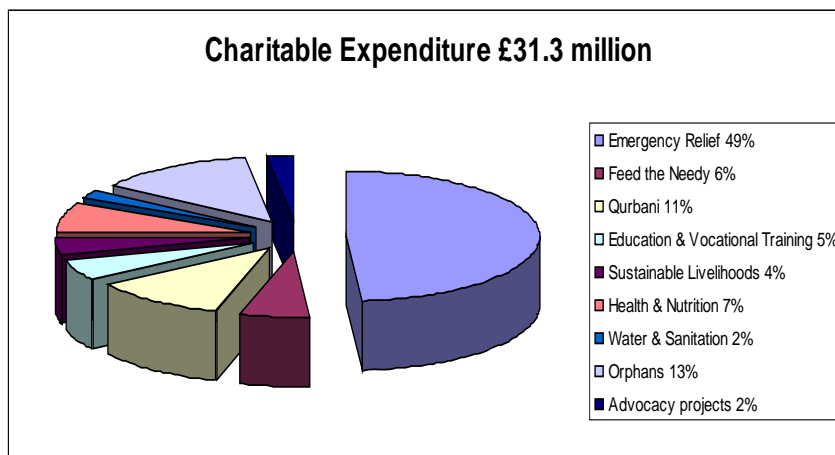
Islamic Relief Worldwide's voluntary income grew from £18.4 million in 2004 to £35.4 million in 2005. The increase amounting to 92% demonstrates the generosity of our donors in response to numerous appeals including the Tsunami and Asia Earthquake appeals. This has allowed Islamic Relief Worldwide to increase its charitable activities in both disaster-affected areas and in the field of development projects.

The greater proportion of income, amounting to 60% of Islamic Relief Worldwide's voluntary income that totalled £35.4 million, came from our donors in the UK. Whilst 40% or £14.2 million (53% or £10.2 million) was raised by the Fundraising partners from the countries listed on Page 4. Income from Fund-raising partners increased by 39% compared to the previous year, whilst income raised in the UK more than doubled.

Islamic Relief Worldwide substantially increased its work with partners during 2005, in particular responding to major disasters like the Tsunami and the Asia Earthquake. Islamic Relief Worldwide became a member of the Disasters Emergency Committee (DEC) in the 2005. DEC is constituted of 13 member agencies and aims to create an efficient appeal mechanism, facilitate agency co-operation, co-ordination and communication. In affiliation raise the standards in the implementation of humanitarian responses. Furthermore, Islamic Relief Worldwide implemented emergency relief projects in Indonesia funded by CAFOD. The institutional funding amounted to £5.5 million or 13% of total income compared to £1.7 million or 8% in 2004.

Expenditure

Islamic Relief Worldwide's expenditure grew to £36.9 million (2004: £20.1 million). This has been in line with the growth in income. It also relates directly to the substantial increase of charitable activities and emergency relief work compared to the previous year. Islamic Relief Worldwide has spent 85% of its total expenditure on charitable expenditure.



Expenditure on charitable activities increased significantly in excess of 100% from £15.1 million in 2004 to £31.3 million in 2005. Relief activities were undertaken in response to the Tsunami, Asia Earthquake, Africa Food Crisis and many other emergencies. Further details of the charitable activities in these and other regions are given on Page 41.

Islamic Relief Worldwide continued development projects amounting to 50% of the charitable activities expenditure. One of the largest areas of growth was the Orphans projects that expanded into Indonesia, South Africa, Chechnya and Ethiopia. Charitable expenditure on Orphans projects amounted to £4 million (2004: £2.7 million).

Fundraising

The cost of fund-raising amounted to £3.7 million (2004: £3.0 million) that generated a voluntary income of £21.1 million (2004: £8.2 million), thereby, achieving 5.2 times the amount expended (2004: 2.7). £1.8 million or 48% of the Fund-raising expenditure related to specific campaigns and events (refer to Note 12 on Page 32 for further details.)

Performance of the trading subsidiary

In 2005 TIC International Limited achieved the best results since it started trading. The profit of £118,381 (2004: £11,856) exceeded 9.8% of its total turnover. As a result this assisted better cash flow enabling it to clear its debt with Islamic Relief Worldwide.

The main factors for this success were the increased collections due to the Tsunami and the South East Asia earthquake, motivated employees who worked relentlessly through out the year, the loyalty of customers and the automation of plant and machinery. Together these factors helped increase production and efficiency.

During both the major disasters of 2005, TIC International extended unparalleled logistical support to Islamic Relief Worldwide, shipping over fifteen containers during the Tsunami and over 120 tonnes of aid to Pakistan for the earthquake victims.

TIC International Limited has always played an important role in providing logistical support during emergencies. As such crises appear to be becoming more frequent, it is likely that TIC International Limited will play an integral part in handling in-kind donations on behalf of Islamic Relief Worldwide.

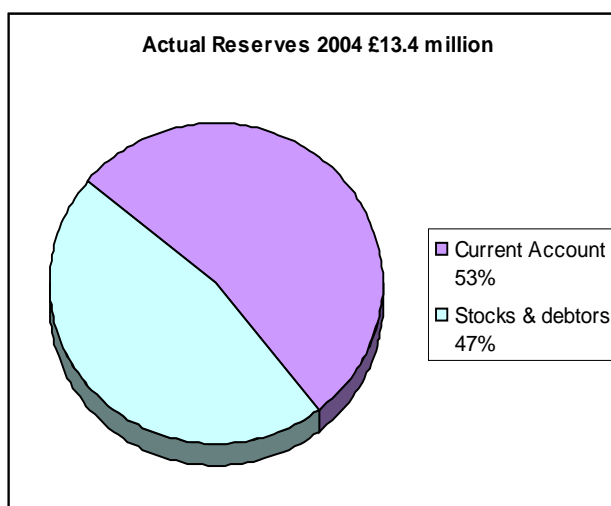
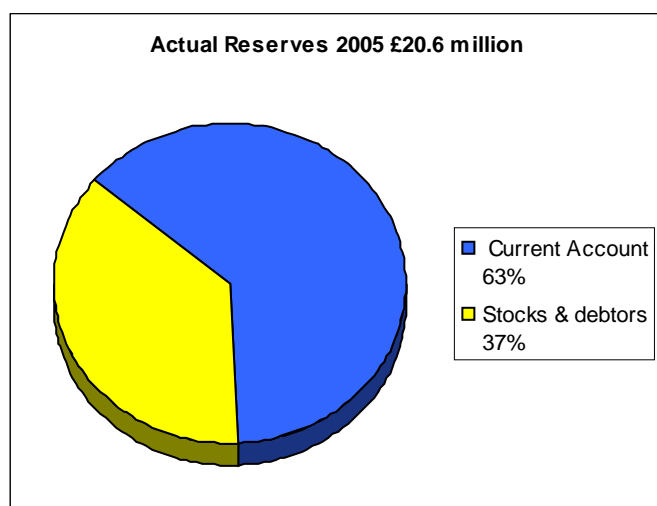
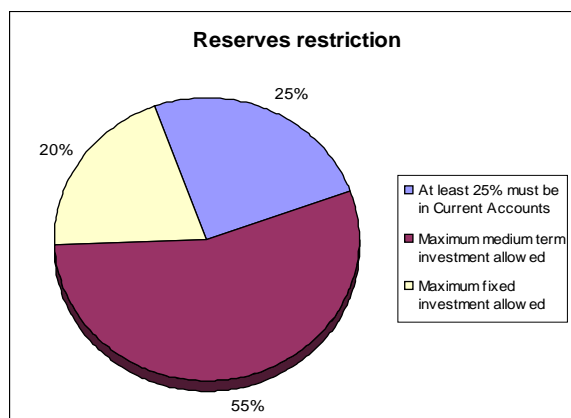
Reserves Policy

Reserves are held by Islamic Relief Worldwide to ensure that adequate funds are available to meet obligations in emergencies, and also to ensure that operations are not affected due to an absence of funds. Sufficient protection is built in to ensure there is no disruption of Islamic Relief Worldwide operations on a global scale occur.

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

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

	2005	2004
7 month reserves required as per operational budget	£12,276,383	£7,154,864
Actual reserves excluding Fixed assets and endowments	£18,385,760	£12,826,455
Reserve meet	1.5 times	1.8 times
Actual percentage of reserves held in current accounts	67%	56%



The Board of Trustees review the reserves policy annually and this incorporates an evaluation of risk. Reserves are monitored and amendments are proposed to both the policy and the level of reserves held. The Board of Management can approve short-term adjustments while the governing document can only be amended by the Board of Trustees.

Investment Policy and Performance

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

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

The main principles governing all investments are:

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

Funds from Waqf (endowments, which are generally in long-term investments), and other donations for Islamic Relief Worldwide projects can be used for investments. The return on the Waqf investment is 7% for 2005.

In January 2000 Islamic Relief Worldwide invested in SIF Invest which purchased premises in Paris at a cost of £252,000 that have been rented to Secours Islamique, our partner organisation in France. SIF Invest is incorporated in France and effectively owns an investment property. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. SIF Invest's sole function is managing the property rented out to Secours Islamique. It does not engage in any other trading activities.

The charity's assets

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

Supplier payment policy and practice

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

Future Activities

Islamic Relief Worldwide intends to expand its areas of work, in terms of its range of activities and the geographical area served by its programmes. Islamic Relief Worldwide intends to increase the range of projects by continuing and expanding current projects and implementing new projects. Islamic Relief Worldwide is in a continual process of increasing its capacity to respond to major global emergencies.

The sectoral spread of Islamic Relief's Worldwide projects will continue; Sustainable Livelihoods, Water and Sanitation, Health and Nutrition, Emergency Relief and Education. Islamic Relief Worldwide also intends to expand the Orphan Welfare Programme to include all children in vulnerable situations.

Islamic Relief Worldwide intends to expand operations into new regions such as Latin America.

In 2005, Islamic Relief Worldwide's partner fundraising offices took part in many local projects. For example the partner fundraising partner in France, Secours Islamique, organised and ran soup kitchens for homeless people. The partner in the USA responded magnificently to the aftermath of Hurricane Katrina. These types of local intervention are expected to continue in the future.

Another sector that is expected to expand in the future is the existing Orphans Programme. The number of orphans sponsored increased in 2005 and this trend is expected to continue. In addition to financial help, it is hoped there will be facilities and amenities to ensure that sponsored orphans are well-nourished and clothed. Islamic Relief Worldwide intends to extend sponsorship to all vulnerable children worldwide. In addition to this, Islamic Relief Worldwide plans to increase the number of other projects that benefit vulnerable children.

The education projects that Islamic Relief Worldwide implements are also expected to continue and expand in the future. As well as ongoing education projects, such as the Hajj Shamia School in Shkodra, Albania, it is anticipated that new projects will be implemented. Some of these will include projects that broaden opportunities for children and communities through improved facilities and better trained teachers. Where possible Islamic Relief Worldwide intends to rebuild schools and also rehabilitate existing government and community schools. Another key aspect of Islamic Relief Worldwide's education programmes is the provision of vocational training and marketable skills training for young people.

Islamic Relief Worldwide's projects in the fields of health and nutrition project provide training that leads to a better standard of health service. Primary health centres are also rehabilitated and mobile health camps have been established. The health programmes also aim to reduce maternal and infant mortality wherever possible.

Islamic Relief Worldwide's water and sanitation projects intend to increase access to safe and clean water and provide sustainable water and sanitation facilities. There is also a focus on advancing communities' knowledge of good hygiene practices. Islamic Relief Worldwide intends to significantly increase access to clean water sources by the drilling of tube wells, and where appropriate, increasing water treatment plants.

The key and overarching approach of Islamic Relief Worldwide's methodology is to link projects together in an integrated fashion. This increases the impact of Islamic Relief Worldwide's work and provides maximum benefit to those communities where projects are based. For example, through integrated programmes in Ethiopia, Islamic Relief Worldwide contributes to the reduction of waterborne diseases by increasing access to potable water. At the same time access to basic education and vocational training is provided. Together this helps to alleviate poverty through increasing the economic, social and physical capacity of the community and their ability to sustain their livelihoods.

Another key area that Islamic Relief Worldwide is keen to expand is linking emergency work with rehabilitation and long term development projects. Islamic Relief worldwide already has a rapid response team on standby for disasters that may occur, and are implementing a major disaster preparedness programme across all offices to ensure local staff can respond to emergencies. The ability of these local offices to respond rapidly to emergencies is a crucial step in linking Islamic Relief Worldwide's activities in emergencies with long-term development.

As with all our activities, none of the above would be possible without raising funds. Islamic Relief Worldwide Offices and Partners are aiming to increase the donations received from individuals, institutions and governmental agencies such as the United Nations.

Auditors

The appointment of auditors is conducted by the Board of Trustees who will do so in their semi annual meeting this year.

By the Order of the Board



Dr. M El-Alfy
Trustee/Director

26th May 2006

Independent Auditors' Report to the members of Islamic Relief Worldwide

We have audited the financial statements of Islamic Relief Worldwide and subsidiary undertakings for the year ended 31 December 2005 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees (who are also the directors of Islamic Relief Worldwide for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the (Companies Act 1985) We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- » give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 December 2005, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and
- » have been properly prepared in accordance with the Companies Act 1985.

Dains Chartered Accountants

Registered Auditors

St John's Court
Wiltell Road
Lichfield
Staffordshire
WS14 9DS

26th May 2006

AUDITORS' REPORT 2005

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES and INCOME & EXPENDITURE ACCOUNT for the year ended 31st December 2005

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2005	Total 2004	Notes
	£	£	£	£	£	
Incoming Resources						
As Restated						
Incoming Resources from Generated Funds						
Voluntary Income	7,582,237	27,234,591	560,983	35,377,811	18,417,037	2
Activities for generating funds	299,301	-	-	299,301	349,471	3
Investment Income	89,442	-	-	89,442	74,334	6
Trading Subsidiary	1,230,721	-	-	1,230,721	1,131,836	5
Incoming Resources from charitable activities	-	5,507,091	-	5,507,091	1,765,082	7
Total Incoming Resources	9,201,701	32,741,682	560,983	42,504,366	21,737,760	
Resources Expended						
Cost of generating funds						
Costs of generating Voluntary Income	822,285	2,915,376	-	3,737,661	3,040,294	9
Fundraising trading: costs of goods sold & other costs	1,478,033	-	-	1,478,033	1,589,219	11
Investment Management Cost	-	46,143	42,625	88,768	71,483	10
Charitable Activities	1,025,414	30,340,914	-	31,366,328	15,170,933	13
Governance Cost	269,366	-	-	269,366	231,732	14
Total resources expended	3,595,098	33,302,433	42,625	36,940,156	20,103,661	
Net Income for the year	5,606,603	(560,751)	518,358	5,564,210	1,634,099	
Transfers						
Gross transfers between funds	(6,299,366)	6,370,891	(71,525)	-	-	
Net movement on funds	(692,763)	5,810,140	446,833	5,564,210	1,634,099	
Reconciliation of funds						
Total funds brought forward	5,203,764	9,423,469	1,282,053	15,909,286	14,275,187	
Total funds carried forward	4,511,001	15,233,609	1,728,886	21,473,496	15,909,286	27

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2005

As a result of adopting the activity approach required by the Statement of Recommended Practice (effective April 2005) issued by the Charity Commission the comparative figures for the prior period have been restated in order to comply with the new formats required by the SORP.

The net movement in funds referred to above is the net incoming resources as defined in the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commission for England & Wales and is reconciled to the total funds as shown in the Balance Sheet on page 23 as required by the said statement.

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

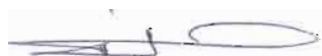
All incoming resources and resources expended derive from continuing operations.

CONSOLIDATED & GROUP BALANCE SHEETS

Year ended 31st December 2005

	2005 Total Funds		2004 Total Funds		Notes
	Group £	Charity £	Group £	Charity £	
Fixed assets					
Tangible assets	3,087,736	2,724,386	3,082,831	2,726,552	20
Investments	-	462,527	-	500,120	21
Total Fixed Assets	3,087,736	3,186,913	3,082,831	3,226,672	
Current assets					
Stocks and Work in Progress	228,966	-	126,098	-	22
Debtors	7,345,825	7,019,572	6,146,515	5,873,101	23
Cash at bank and in hand	13,002,443	12,887,465	7,157,864	7,092,070	
Total Current Assets	20,577,234	19,907,037	13,430,477	12,965,171	
Liabilities					
Creditors: amounts falling due within one year	2,191,474	1,712,016	604,022	232,763	24
Net Current Assets	18,385,760	18,195,021	12,826,455	12,732,408	
Total Assets less Current Liabilities	21,473,496	21,381,934	15,909,286	15,959,080	
The Funds of the Charity:					
Unrestricted Funds	3,152,151	3,423,939	3,402,986	3,809,059	
Unrestricted funds: Fixed Assets	1,358,850	995,500	1,800,778	1,444,499	
Endowment Funds	1,728,886	1,728,886	1,282,053	1,282,053	
Restricted Income Funds	15,233,609	15,233,609	9,423,469	9,423,469	
Total Charity Funds	21,473,496	21,381,934	15,909,286	15,959,080	27

Approved by the Board



Dr. M El-Alfy, Director

26th May 2006

The notes to the accounts on pages 25 - 42 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31st December 2005

	2005	2004
	£	£
Net Income and resources	5,564,210	1,634,099
Reconciliation to cash generated from operations:		
Depreciation	263,097	288,397
(Gain)/ Loss on disposal of Tangible Fixed Assets	(1,998)	8,015
Increase in stocks	(102,868)	(31,395)
Decrease / (increase) in debtors	(1,199,310)	(3,219,942)
Increase in Creditors	1,566,201	40,635
	6,089,332	(1,280,191)
Cash from other sources		
New long-term bank borrowings	21,250	-
Proceeds from sale of tangible assets	7,254	5,150
	28,504	5,150
Application of cash:		
Purchase of tangible fixed assets	(273,257)	(451,382)
	(273,257)	(451,382)
Net increase / (decrease) in cash	5,844,579	(1,726,423)
Cash at bank and in hand less overdrafts at 1 January	7,157,864	8,884,287
Cash at bank and in hand less overdrafts at 31 December	13,002,443	7,157,864
Consisting of:		
Cash at bank and in hand	13,002,443	7,157,864
	13,002,443	7,157,864

CASH FLOW 2005

1. Principal Accounting Policies

a. Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Companies Act 1985 and adhering to the Revised Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) effective April 2005.

b. Change of Accounting Format

As a result of adopting the activity approach required by the Statement of Recommended Practice (effective April 2005) issued by the Charity Commission the comparative figures for the prior period have been restated in order to comply with the new formats required by the SORP.

c. Consolidation and Group Financial Statements

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

The Group financial statements consolidate those of Islamic Relief Worldwide and its trading subsidiary TIC International Ltd and its Property Investment Company SIF Invest. The results of TIC International Ltd and SIF Invest have been incorporated on a line by line basis, in accordance with current legislation.

Islamic Relief Worldwide has taken advantage of section 230 of the Companies Act 1985 and paragraph 397 of the SORP and has not included its own income and expenditure account in the financial statements.

Note 5 gives the full details of the income and expenditure of the trading subsidiary. TIC International Ltd is considered to be an intrinsic part of the charity's programme to relieve poverty in any part of the world. The donated items are a constant source of relief supplies.

Note 5 also gives the full details of the income and expenditure of the French subsidiary company SIF Invest, a company incorporated in France. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. The results have been consolidated within these financial statements.

The charity's overseas fundraising offices and field offices are established as separate independent legal entities in their own jurisdictions and consequently, their results are included within these consolidated financial statements.

d. Fund Accounting

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

Unrestricted Funds All donations are considered unrestricted unless specifically stated by the donor. Unrestricted funds comprise the accumulated surplus or deficit on the statement of financial activities which are available for use at the discretion of the Trustees of Islamic Relief Worldwide in furtherance of the objects of the charity.

Designated Funds: The Trustees may at their discretion set aside unrestricted funds for specific purposes. At the year end they comprise unrestricted funds held as Fixed assets refer to Note 27.

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

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

e. Incoming Resources and Investment Income

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy and there is certainty of receipt.

Voluntary Income: Comprises all incoming resources from donations and income from fundraising partners on the basis of that which is remitted to Islamic Relief Worldwide in the UK.

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

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

Investment Income: Comprises income generated by Waqf Investment and rents receivable.

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

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

Voluntary Income: Where a claim for repayment of income tax has been or will be made, such income is included in the Debtors amount if still not received by the year end.

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

f. Deferred Income

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

g. Recognition of Liabilities

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

h. Resources Expended

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

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

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

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

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

Support Costs: To a single activity are allocated directly to that activity. Where support costs relate to several activities - support costs have allocated to each of the activities (stated in Note 15) on the basis of the number of direct staff supported during the period in the relevant activity. Governance support costs are allocated on the basis of support activities provided on clearly interpreted governance matters.

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

i. Operating Leases

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

j. Foreign Currencies

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

k. Tangible Fixed Assets and Depreciation

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

Leasehold improvements	Over 20 years
Freehold land and buildings	Over 50 years
Fixture, fittings	Over 8 years' straight line basis
Office equipment	Over 4 years' straight line basis
Motor vehicles	Over 5 years straight line basis
Plant and machinery	Over 8 years straight line basis

l. Stocks

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

m. Investments

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

n. Provisions

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

o. Pension Costs

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

p. Taxation

As a registered charity, the company is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities

2. Voluntary Income

	Unrestricted Funds	Restricted Funds	Endowment	Total Funds	Total Funds
	2005	2005	2005	2005	2004
	£	£	£	£	£
Donations	7,582,237	25,022,893	560,983	33,166,113	18,303,037
In Kind Donations (Clothing, tents, blankets)	-	2,211,698	-	2,211,698	114,000
(See Note 4)	7,582,237	27,234,591	560,983	35,377,811	18,417,037

3. Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Endowment	Total Funds	Total Funds
	2005	2005	2005	2005	2004
	£	£	£	£	£
Income from Charitable shops	260,664	-	-	260,664	215,594
Merchandising Income	38,637	-	-	38,637	133,877
	299,301	-	-	299,301	349,471

4. Donations Disclosure by Country

The Voluntary Income shown below which is included in Note 2, is shown below by country of Fundraising Partners*:

Country	Unrestricted Funds	Restricted Funds	Endowment	Total Funds	Total Funds
	2005	2005	2005	2005	2004
	£	£	£	£	£
UK	5,174,086	15,532,418	408,954	21,115,458	8,204,286
Belgium	550,585	-	-	550,585	356,114
France	1,027,590	3,042,650	135,968	4,206,208	5,773,630
Germany	206,105	1,000,332	-	1,206,437	900,903
Holland	161,739	658,226	-	819,965	724,913
Italy	114,484	149,441	1,894	265,819	33,296
Mauritius	150,591	269,697	12,798	433,086	213,727
Switzerland	162,761	1,012,435	502	1,175,698	450,161
Sweden	34,296	371,899	867	407,062	215,596
USA	-	5,197,493	-	5,197,493	1,544,411
	7,582,237	27,234,591	560,983	35,377,811	18,417,037

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

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

	Total Funds	Total Funds
	2005	2004
	£	£
Voluntary Income from the UK	21,115,458	8,204,286
Activities for generating funds	299,301	349,471
	21,414,759	8,553,757

* All Fundraising Partners are separate legal entities reporting locally in their respective countries, these amounts represent amounts transmitted to Islamic Relief to be applied to Islamic Relief Worldwide projects.

5. Results from Trading Subsidiaries

	TIC International	SIF Invest	2005	2004
	£	£	£	£
Trading Income	1,201,815	28,906	1,230,721	1,176,866
Operating and Administrative Costs	1,083,434	39,964	1,123,398	1,160,776
Net Profit/(Loss) for the year	118,381	(11,058)	107,323	16,090
Consolidation Adjustments				
Rental Charge from Islamic Relief	40,000	-	40,000	40,000
Charitable Donations to Islamic Relief	-	-	-	(34,071)
Inter-Company sales	-	-	-	(10,959)
Inter-Company charges	-	-	-	2,671
Total Consolidated adjustments	40,000	-	40,000	(2,359)
Adjusted Turnover	1,201,815	28,906	1,230,721	1,131,836
Adjusted Expenditure	1,043,434	39,964	1,083,398	1,118,105
Adjusted Net Profit/(Loss) for the year	158,381	(11,058)	147,323	13,731

6. Investment Income

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	2005	2005	2005	2004
	£	£	£	£
Return on Waqf	89,442	-	89,442	64,917
Rent Receivable	-	-	-	9,417
	89,442	-	89,442	74,334

7. Incoming Resources From Charitable Activities

	Total Funds 2005 £	Total Funds 2004 £
Emergency Relief	4,406,179	295,301
Feed the Needy	146,660	61,656
Qurbani	23,657	35,886
Education and Vocational Training	67,682	874,079
Sustainable Livelihoods	221,322	60,762
Health and Nutrition	584,198	115,515
Water and Sanitation	54,628	291,698
Orphans	2,765	30,185
Refer to Note 8	5,507,091	1,765,082

8. Individual Grants Disclosure

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

Donor	Project	Total 2005 £	Total 2004 £
Department for International Development	Kashmir Mine Risk Education		28,010
	Sri Lanka Tsunami Relief Project	315,264	-
	Mali Ghourma Rharous Community Development	-	30,201
	Blue Nile Civil Society Development Programme	47,225	-
	Neelum Valley Health Project	221,492	-
	Niger Emergency Primary Health Care Project	250,000	-
Human Aid	Internally Displaced Persons Project	100,000	-
	Afghanistan Ramadan Project	-	21,794
Comic Relief	Ensuring Quality Education for school Children in Khandahar	-	52,151
Catholic Agency for Overseas Development	Chechnya Education Development Programme	-	42,698
	Beslan Relief	-	2,058
	Iran Earthquake Relief	-	100,000
	Iran Earthquake Rehabilitation	-	60,000
	Emergency and Relief -Tsunami Aceh	2,483,303	-
	Kashmir Earthquake Relief	100,000	-
European Commission	Afghanistan Irrigation, rehabilitation project Kajaki	30,484	47,586
	Iraq Schools Rehabilitation	-	228,618
	Kashmir Community Water Sanitation	-	183,410
	Sindh Flood Relief	9,871	-
	Sudan Internally Displaced Persons Camp & Water/Sanitation	140,619	-
	Balouchistan Drought Relief and Rehabilitation	174,876	-

8. Individual Grants Disclosure continued

Donor	Project	Total	Total
		2005	2004
		£	£
Christian Aid	Earthquake Relief for Pakistan	250,000	-
Human Concern	Drought Relief Niger Mali Victims	36,045	-
	Feed the Needy-Nutritional Support	8,151	-
	Food and Children Sponsorship	419	-
	Orphans	7,522	-
	Qurbani	4,613	-
	Bosnia Qurbani	-	2,307
	Chechnya Qurbani	-	4,614
	Orphans Sponsorship	-	3,622
	Kosovo Qurbani	-	2,307
	UNAMI	Emergency	49,193
United Nations High Commission for Refugees	Iraq Relief	254,954	47,187
United Nations World Food Programme	Chechnya Health and Nutrition	-	41,026
	Chechnya Hot Meals Programme	-	15,792
United Nations Development Programme	Creating job Opportunities	167,151	-
	Chechnya Health and Nutrition	-	9,108
	Iraq Rehabilitation	-	60,702
International Development and Relief Foundation	Digging Wells in Fallouja	13,000	-
	Humanitarian Relief for tsunami Victims in Indonesia	57,430	-
	Iran Relief	-	30,913
	Kosovo Income Generation	-	7,533
	Darfur IDP	-	10,727
	Kashmir Earthquake Relief	294,874	-
University of Warwick	Earthquake Relief for Pakistan	4,650	-
Qatar Ministry of Awkaf Mali Graduate Training	Mali Education	-	488,041
Embassy of UAE	Earthquake Relief for Pakistan	1,000	-
Al Eslah Society-Human Welfare Committee Bahrain	Chechnya Health care	-	5,086
	Orphan Projects	-	20,948
	Qurbani	2,866	3,414
	Other Projects	-	2,668
	Feed the Needy	1,403	2,390
	Kashmir Earthquake Relief	11,165	-
Islamic Association of Britain	China Qurbani	654	-
	Qurbani	1,581	-
	Chechnya Healthcare	-	5,595
	Iraq Emergency	-	2,532
Islamic Development Bank	Education Chechnya School	62,070	-
	Income Generation	6,946	-
Muslim Forum	Earthquake Relief for Pakistan	4,901	-
Muslim National	Emergency Relief Tsunami	922	-
	Orphans	2,765	-
MYK Foundation	Earthquake Relief for Pakistan	28,560	-
NAMA Foundation	Drought Relief	45,962	-

8. Individual Grants Disclosure continued

Donor	Project	Total 2005 £	Total 2004 £
Pilgrim Congret	Emergency Relief Tsunami	660	-
Foreign and Commonwealth Office	Pakistan-Mine Risk Education Kashmir	-	28,010
Austrian Government	Palestine Kindergarten Nutrition Feeding	123,524	-
Centro Cultural Islamico	Palestine Qurbani	-	7,275
	Sudan Darfur Relief	-	9,671
	Orphans Projects	-	5,615
	Other Projects	-	1,470
	Emergency Relief Tsunami	24,634	-
	Qurbani	5,941	-
	Charitable Society for Social Welfare Sana'a	Palestine Relief	-
Emergency Relief Tsunami		11,655	-
Arab Medical Union	Palestine Education Project	-	6,551
	Palestine Rafah Project	-	38,818
	Palestine Health	-	15,882
	Palestine Health (Milk for children)	112,706	-
	Palestine Income Generation	-	23,028
	Palestine Qurbani	-	15,969
	Palestine Feed the Needy	-	21,680
	Sudan Darfur Relief	-	16,810
	Drought Relief - Emergency Primary Health Care Project	5,641	-
	Feed the Needy	5,641	-
	Palestine School Bags	5,612	-
	Qurbani	8,002	-
	Water and Sanitation	11,144	-
		5,507,091	1,765,082

Resources Expended

Costs Of Generating Funds

	Activities Undertaken Directly	Support Costs	Total	Total
	2005	2005	2005	2004
	£	£	£	£
9. Cost of Generating Voluntary Income				
Fundraising & Publicity costs	1,322,213	389,218	1,711,431	1,129,936
Campaigns & Events Cost (Refer to note 12)	1,369,424	403,115	1,772,539	1,694,905
e-Fundraising	195,996	57,695	253,691	215,453
	<u>2,887,633</u>	<u>850,028</u>	<u>3,737,661</u>	<u>3,040,294</u>
10. Investment Cost - Waqf				
	68,580	20,188	88,768	71,483
	<u>68,580</u>	<u>20,188</u>	<u>88,768</u>	<u>71,483</u>
11. Fundraising Trading & Other Costs				
Awareness Raising*	304,886	89,749	394,635	516,144
Trading Subsidiary Costs	813,199	270,199	1,083,398	1,073,075
	<u>1,118,085</u>	<u>359,948</u>	<u>1,478,033</u>	<u>1,589,219</u>

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

12. Campaigns During the year

Activities	2005 £
Tsunami	174,263
Niger and Mali	38,132
Asia Earthquake	166,177
Other campaigns	521,304
Make Poverty History	82,531
Feed the Needy	345,253
Qurbani	40,802
Orphans	404,077
	<u>1,772,539</u>

13. Charitable Activities

The grants included in charitable activities are disclosed in Note 16

	Activities Undertaken Directly	Support Costs	Total	Total
	2005	2005	2005	2004
	£	£	£	£
Emergency Relief	12,297,527	771,943	13,069,470	4,294,359
Emergency Relief: In kind (Tents, blankets & clothing)	2,211,698	-	2,211,698	114,000
Feed the Needy	1,671,439	107,544	1,778,983	1,877,157
Qurbani	3,254,718	209,414	3,464,132	1,230,872
Education and Vocational Training	1,592,606	102,471	1,695,077	1,390,357
Sustainable Livelihoods	1,235,915	79,521	1,315,436	1,081,190
Health and Nutrition	2,193,077	141,107	2,334,184	1,654,188
Water and Sanitation	666,290	42,870	709,160	652,758
Orphans	3,815,703	245,509	4,061,212	2,735,214
Advocacy projects	683,029	43,947	726,976	140,838
	29,622,002	1,744,326	31,366,328	15,170,933

14. Governance Costs

	Activities Undertaken Directly	Support Costs	Total	Total
	2005	2005	2005	2004
	£	£	£	£
External Audit and Statutory Accounts	23,500	12,526	36,026	28,850
Trustees Expenses (Refer to Note 19)	1,495	797	2,292	52,815
Internal Audit	48,931	26,080	75,011	61,420
Performance Improvement	59,583	31,758	91,341	55,555
Governance Costs	42,202	22,494	64,696	33,092
	175,711	93,655	269,366	231,732

15. Support Cost Allocation

	Management and Administration		Finance		Accounts		Human Resources		Information Technology		Facilities		Total	
	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Cost of generating Funds														
Cost of generating funds	482,547	47,829	60,410	60,410	53,572	117,844	197,763	959,965	1,021,355					
Fundraising trading - subsidiary costs	152,045	-	-	-	-	-	118,154	270,199	226,801					
	634,592	47,829	60,410	60,410	53,572	117,844	315,917	1,230,164	1,248,156					
Cost of charitable activities														
Emergency Relief	388,034	38,461	48,578	48,578	43,079	94,763	159,028	771,943	216,022					
Feed the Needy	54,059	5,358	6,768	6,768	6,002	13,202	22,155	107,544	91,986					
Qurbani	105,267	10,434	13,178	13,178	11,687	25,707	43,142	209,415	60,316					
Education & Vocational Training	51,509	5,105	6,448	6,448	5,719	12,579	21,110	102,470	68,030					
Sustainable Livelihoods	39,973	3,962	5,004	5,004	4,437	9,762	16,382	79,520	52,498					
Health & Nutrition	70,930	7,030	8,880	8,880	7,875	17,322	29,069	141,106	81,030					
Water & Sanitation	21,550	2,136	2,698	2,698	2,392	5,263	8,832	42,871	31,987					
Orphans	123,410	12,232	15,450	15,450	13,701	30,138	50,577	245,508	134,033					
Advocacy Projects	22,091	2,190	2,766	2,766	2,453	5,395	9,054	43,949	6,901					
	876,823	86,908	109,770	109,770	97,345	214,131	359,349	1,744,326	742,803					
Governance Costs														
	47,077	4,666	5,894	5,894	5,227	11,497	19,294	93,655	123,801					
Total Support Costs	1,558,492	139,403	176,074	176,074	156,144	343,472	694,560	3,068,145	2,114,760					

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

16. Grants

	Grants to Individuals	Grants to Institutions	Total	Total
			2005	2004
	£	£	£	£
Emergency Relief	-	300,000	300,000	-
Feed the Needy	-	2,320	2,320	12,217
Qurbani	-	6,000	6,000	-
Education and Vocational Training	9,415	159,358	168,773	144,984
Sustainable Livelihoods	2,880	-	2,880	12,360
Heath & Nutrition	13,871	29,000	42,871	5,558
Advocacy	-	13,500	13,500	-
Total Grants Paid	26,166	510,178	536,344	175,119

17. Net Incoming Resources

	Total	Total
	2005	2004
	£	£
This is stated after charging:		
Auditors' Remuneration	23,500	28,850
Depreciation	263,097	288,397
Profit / (Loss) on disposal of tangible assets	1,998	(8,015)
Operating Leases	141,836	120,569
Exchange (Gain) / Loss	103,685	253,484

18. Staff Costs and Emoluments

	Total 2005 £	Total 2004 £
Gross Salaries	3,356,697	2,632,594
Employers National Insurance	328,442	251,338
Pension Contribution	48,575	43,572
	3,733,714	2,927,504
	Number	Number
Number of Full Time Employees		
Engaged on Charitable Activities	36	18
Engaged on Publicity Activities	19	12
Engaged on Fundraising Activities	60	60
Engaged on Management and Governance Activities	15	18
Engaged on Support Activities	32	26
	162	134

There were no employees with emoluments in excess of £60,000 per annum. (2004: £Nil)

19. Trustees Remuneration

	2005	2004
Trustees are not remunerated (2004 £Nil)		
Neither the trustees nor any persons connected with them have received any remuneration, either in the current year or the prior year.		
Number of Trustees	5	5
Trustees Expenses		
Travel	£1,495	£1,178

20. Tangible Fixed Assets

Group	Freehold & Leasehold Property	Plant & Machinery	Fittings & Office Equipment	Motor Vehicles	Total 2005
	£	£	£	£	£
Cost					
At 1 January 2005	3,062,046	178,120	967,367	100,486	4,308,019
Additions	41,092	59,215	135,427	37,523	273,257
Disposals	-	(8,000)	(10,612)	(15,973)	(34,585)
At 31 December 2005	3,103,138	229,335	1,092,182	122,036	4,546,691
Depreciation					
At 1 January 2005	323,674	94,292	741,088	64,134	1,223,188
Charge for the year	67,350	20,701	152,499	22,547	263,097
Disposals	-	(2,220)	(10,612)	(14,498)	(27,330)
At December 2005	391,024	112,773	882,975	72,183	1,458,955
Net book value					
At 31 December 2005	2,712,114	116,562	209,207	49,853	3,087,736
At 31 December 2004	2,736,372	83,828	226,279	36,352	3,082,831

Islamic Relief Worldwide	Freehold & Leasehold Property	Fittings & Office Equipment	Computers	Motor Vehicles	Total 2005
	£	£	£	£	£
Cost					
At 1 January 2005	2,757,732	285,844	638,687	33,551	3,715,814
Additions	41,093	49,550	85,877	25,099	201,619
Disposals	-	-	-	(12,106)	(12,106)
At 31 December 2005	2,798,825	335,394	724,564	46,544	3,905,327
Depreciation					
At 1 January 2005	244,005	225,075	491,202	28,980	989,262
Charge for the year	49,050	50,678	96,107	8,024	203,859
Disposals	-	-	-	(12,180)	(12,180)
At December 2005	293,055	275,753	587,309	24,824	1,180,941
Net book value					
At 31 December 2005	2,505,770	59,641	137,255	21,720	2,724,386
At 31 December 2004	2,513,727	60,769	147,485	4,571	2,726,552

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

21. Investments

Charity	Investment Property £	Investment in Subsidiary Undertaking £	Total Charity 2005 £
As at 1 January 2005	314,811	185,309	500,120
Additions	-	-	-
Disposals	-	-	-
Increase / (decrease) in value	(37,593)	-	(37,593)
As at 31 December 2005	<u>277,218</u>	<u>185,309</u>	<u>462,527</u>

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

The Investment property relates to Islamic Relief Worldwide's investment in SIF Invest, incorporated in France. Islamic Relief Worldwide owns 99% of the share capital of SIF Invest. SIF Invest was treated as investment in the group accounts. The decrease in value relates to the movement of profit and loss and exchange difference.

22. Stock

Group	Total 2005 £	Total 2004 £
Raw Materials	185,500	68,400
Work In Progress	4,900	4,200
Finished Goods	38,566	53,498
	<u>228,966</u>	<u>126,098</u>

23. Debtors

	Group 2005 £	Charity 2005 £	Group 2004 £	Charity 2004 £
Trade Debtors	270,011	-	316,408	-
Other Debtors	6,895,565	6,808,272	5,738,358	5,725,933
Prepayments	180,249	180,249	91,749	91,749
Amounts due from associated and subsidiary undertakings	-	31,051	-	55,419
	<u>7,345,825</u>	<u>7,019,572</u>	<u>6,146,515</u>	<u>5,873,101</u>

24. Creditors: amounts falling due with in one year

	Group	Charity	Group	Charity
	2005	2005	2004	2004
	£	£	£	£
Bank Loans and Overdrafts	21,250	-	-	-
Trade Creditors	495,300	133,146	387,077	60,878
Accrued Expenses	270,152	270,152	85,680	77,535
Other Creditors	1,371,688	1,302,736	89,929	60,853
PAYE and NI	27,823	721	36,496	28,657
Unpaid Pension Contributions	5,261	5,261	4,840	4,840
	2,191,474	1,712,016	604,022	232,763

25. Commitments

	Group	Charity	Group	Charity
Land and Building Operating Leases	2005	2005	2004	2004
	£	£	£	£
Expiring				
Less than one year	-	-	-	-
Between 2 -5 years	54,208	49,008	54,208	49,008
More than 5 years	46,461	46,461	46,461	46,461

As at 31 December 2005 the group had no capital commitments.

26. Pension Costs

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

Note 24: Creditors show £5,261 (2004: £4,840) due to the Pension plan provider as at 31 December 2005 comprising employer and employee pension contributions.

27. Analysis of Assets and Liabilities Representing Funds

At 31 December 2005	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£	£
Group					
Tangible Fixed Assets	-	1,358,850	-	1,728,886	3,087,736
Current Assets	5,343,625	-	15,233,609	-	20,577,234
Current Liabilities	(2,191,474)	-	-	-	(2,191,474)
	<u>3,152,151</u>	<u>1,358,850</u>	<u>15,233,609</u>	<u>1,728,886</u>	<u>21,473,496</u>

28. Unrestricted Funds

	General Reserve	Unrestricted Fund: held as fixed assets	Total
	£	£	£
Balance as at 1 January 2005	3,402,986	1,800,778	5,203,764
Net incoming Resources	5,606,603	-	5,606,603
Transfer to restricted funds	(6,299,366)	-	(6,299,366)
Transfer between funds	441,928	(441,928)	-
Balance as at 31 December 2005	<u>3,152,151</u>	<u>1,358,850</u>	<u>4,511,001</u>

29. Restricted Funds

	Balance as at 1 January 2005	Total Incoming Resources	Total Resources Expended	Transfers	Balance as at 31 December 2005
	£	£	£	£	£
Appeal Funds					
Afghanistan	882,969	49,918	194,662	87,012	825,237
Africa	19,045	161,706	-	(180,255)	496
Albania	29,800	972	258,483	257,518	29,807
Algeria	112,748	367	-	-	113,115
Bangladesh	29,931	43,499	365,690	292,294	34
Bosnia	3,175	74,645	324,041	252,621	6,400
Chechnya	8,808	413,852	878,340	463,862	8,182
China	19,677	109,995	28,492	(86,147)	15,033
Egypt	-	51,555	572,551	520,996	-
Ethiopia	-	112,610	251,044	241,669	103,235
India	96,034	954	12,460	26	84,554
Indonesia	27,221	3,525,147	4,693,437	1,163,835	22,766
Iran	255,832	15,191	26,353	57	244,727
Iraq	1,334,348	960,813	1,094,958	(33,621)	1,166,582
Kosovo	200,146	2,037	178,937	133,969	157,215
Mali	202,866	385,333	879,203	305,948	14,944
Niger	-	1,995,370	1,230,771	(6,793)	757,806
Pakistan	-	9,735,643	4,002,573	(144,823)	5,588,247
Palestine	2,803,302	975,364	2,271,879	(689,086)	817,701
Somalia	21,071	715	8,073	(12,624)	1,089
South East Asia	200,598	4,994,577	-	(2,295,979)	2,899,196
Sri Lanka	-	548,078	1,720,022	1,171,944	-
Sudan	53,227	793,175	2,276,909	1,487,672	57,165
Penny Project	161,865	47,603	-	-	209,468
Mosque repairs	8,528	14,297	-	-	22,825
Orphans	2,848,316	3,535,253	4,637,899	19,158	1,764,828
Qurbani	128	2,518,596	4,094,115	1,598,606	23,215
Ramadhan	-	1,083,792	2,004,503	920,901	190
Water & Sanitation	388	109,978	735,223	675,672	50,815
Other countries	103,446	480,647	561,815	226,459	248,737
Total	9,423,469	32,741,682	33,302,433	6,370,891	15,233,609

Restricted funds are funds subject to specific trusts, which have been declared by the donors at the time of donation or created through legal process. During 2005, there was a substantial increase in restricted income, this was due to the increases in donations for countries such as Sri Lanka and Indonesia which were affected by the Tsunami. Furthermore, there was a significant response in donations for Pakistan affected by the Asia earthquake. In addition, Niger which was affected by a famine attracted significant donations. All restricted funds of Islamic Relief Worldwide have been used to implement specific humanitarian projects in particular areas of the world stated above. Projects implemented include emergency response intervention, development programmes to help stricken victims restart their lives and to provide long term sustainable benefits for a community, including Orphans Sponsorship, Health and Nutrition, Water Supply and Sanitation projects, Agricultural projects, Income Generation and Educational projects. The Qurbani projects involve the distribution of meat as a result of the Eid Al Adha Celebration (the celebration of sacrifice). The Ramadhan projects relate to a programme of feeding the needy during the Muslim month of Ramadhan. The Penny Project is a project by children in the UK to help needy children all around the world.

Inter funds transfer of £6,299,366 from unrestricted funds have been made to restricted funds to cover deficit on various projects. Zakat funds (annual religious payments by able Muslims to help the poor) have been used to cover shortfalls in emergency, food distribution and Water & Sanitation projects implemented in various countries that include Albania, Bangladesh, Chechnya, Ethiopia, Indonesia, Kenya, Kosovo, Mali and Sudan.

The transfer out of South East Asia indicates funds utilised to cover emergency projects in Indonesia and Sri Lanka. The transfer out of the Africa funds has been utilised to cover emergency projects in Darfur, Sudan. The transfer out of the China, Iraq and Niger Water & Sanitation projects in the Water & Sanitation respectively. Transfers out of the Pakistan and Palestine funds have been allocated to Pakistan, Palestine Ramadhan, Qurbani and Orphans projects respectively. The transfers out of the Somalia funds indicates funds utilised to cover projects implemented in Somalia but via Ethiopia.

30. Endowment Funds

	Balance as at 1 January 2005	Total Incoming Resources	Total Resources Expended	Transfer	Balance as at 31 December 2005
Endowment Funds					
Waqf Support	97,616	176,702	-	(89,414)	184,904
Waqf General	560,384	238,881	10,031	5,336	794,570
Waqf Orphans	209,164	60,300	12,341	4,790	261,913
Waqf Emergency	37,737	12,370	2,162	1,009	48,954
Waqf Water	98,762	38,027	8,296	3,016	131,509
Waqf Education	67,926	10,836	4,379	1,551	75,934
Waqf Qurbani	20,558	10,306	1,405	566	30,025
Waqf Health	30,881	7,263	2,393	917	36,668
Waqf Income Generation	26,847	6,298	1,618	704	32,231
Waqf in Property	132,178	-	-	-	132,178
Total	1,282,053	560,983	42,625	(71,525)	1,728,886

Waqf funds are permanent endowment funds which are held within the charity to generate further funds. At the moment, these are invested into the properties of Islamic Relief Worldwide. Waqf investments give a 7% annual return on capital from which projects are implemented for the purpose of waqf shares. A proportion of the return is also added back to the capital to ensure growth for reinvestment in future years. In 2005 income from these waqf investments amounting to £71,525 will finance future projects long term sustainable humanitarian development projects.