

**ALFANAR**

**(Company limited by guarantee no. 5141908  
Registered charity no. 1105048)**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**



# ALFANAR

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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### CONTENTS

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	Page
Legal & Administrative Details	1
Trustees' Report	2 - 7
Independent Auditor's Report	8 - 9
Statement of financial activities	10
Balance sheet	11
Notes to the financial statements	12 - 20

## ALFANAR

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### LEGAL AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 DECEMBER 2013

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<b>Trustees</b>	Lubna S. Olayan Laila Iskander Julia Middleton Nadia Plumbly Cynthia J. Oakes Hakeem Belo-Osagie Charlotte Boyle Amjad Bseisu	(Chair) (Resigned 15 July 2013)     (Appointed 10 July 2013) (Appointed 2 December 2013)
<b>Company secretary</b>	Margherita Gatt Gabriele Baur	(Resigned 10 July 2013) (Appointed 10 July 2013)
<b>Executive director, UK</b>	Myrna Atalla Jo Ensor (Interim, Appointed 9 September 2013)	
<b>Company reg. no.</b>	5141908	
<b>Charity reg. no.</b>	1105048	
<b>Registered office</b>	18 Parkside 28-56 Knightsbridge London SW1X 7JW	
<b>Bankers</b>	C. Hoare & Co 37 Fleet Street London EC4P 4DQ	
<b>Auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30 - 34 New Bridge Street House London EC4V 6BJ	
<b>Accountants</b>	JS2 Limited One Crown Square Woking Surrey GU21 6HR	
<b>Solicitors</b>	Withers LLP 16 Old Bailey London EC4M 7EG	

## ALFANAR

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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The Trustees, who act as the directors of Alfanar ("the Charity") for the purposes of the Companies Act, and trustees for charity law purposes, submit the annual report and the financial statements of Alfanar for the year ended 31 December 2013. The Trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

#### **Structure, Governance and Management**

Alfanar is a company limited by guarantee (Registration no. 5141908) and has no share capital. As a registered charity (Registration no. 1105048), it is governed by its Memorandum and Articles of Association.

Alfanar's Board of Trustees has overall responsibility for setting Alfanar's strategic direction, ensuring Alfanar has an appropriate system of controls, financial and otherwise, and for taking reasonable steps for the detection and prevention of fraud and other irregularities. During 2013 Alfanar conducted a strategic review, which will result in a new 3 year strategy for 2014-17. Alfanar has developed a governance manual, clarifying roles and responsibilities and creating sub-committees of the Board to give greater overview and support to fundraising, finance and programmes, clarifying trustee terms and selection criteria. Board members are appointed based on the skills requirements of the Board; they are appointed for a three year period, and can be re-elected for two additional consecutive three year terms, provided that a trustee retires from the Board at the meeting following his/her 70<sup>th</sup> birthday or the ninth anniversary of his/her first joining the Board. The Board may adopt a resolution resolving that exceptional circumstances warrant allowing a Trustee who would otherwise be required to retire to continue serving for an additional three year term. All newly appointed Trustees go through a process of induction, which fully briefs them about their roles and responsibilities at Alfanar.

*Alfanar's Board delegates authority on operational delivery of the strategy to the executive team.*

Alfanar has a risk register which identifies the major risks to Alfanar. This register is regularly updated and activities put in place to mitigate risks. This is reviewed by the Trustees quarterly. Alfanar has also adopted a series of policies including anti-fraud (incorporating anti-money laundering), anti-terrorism, child protection, conflict of interest, equal opportunity, grievance and disciplinary, whistle blowing policies. The Trustees confirm that systems are in place to manage the key risks facing Alfanar.

Alfanar awards grants to its partner organisations in line with its charitable objectives and strategy. Grants are recommended by the staff following a formal call for proposals in the countries where Alfanar works and following a due diligence process. Grants are considered and awarded by the Board bi-annually. Grants are disbursed, managed and reported on in line with Alfanar's investment cycle.

Alfanar operates through a number of offices to deliver its objectives.

- Alfanar operates a registered branch in Egypt (number 67/2011) that is valid until May 2015. The transactions of this branch are included in these financial statements.
- Alfanar Lebanon is currently a branch of the UK registered charity and its transactions are included in these financial statements. At December 2013 it was awaiting final approval from the Lebanese Ministry of Social Affairs, which was received in May 2014. This confirms their affiliate relationship with Alfanar.
- Alfanar Libya (registration number 1651) was a branch of the charity until it was registered in April 2013 and is therefore now afforded an affiliate relationship with Alfanar.
- Alfanar, Inc., US is an affiliated 501(c)(3) not for profit entity that actively supports Alfanar's mission through grants and is striving to increase the public support it enjoys.
- Affiliate agreements with Alfanar Libya, Alfanar Lebanon and Alfanar, Inc., US have been developed to ensure shared systems and vision.

Alfanar is supported by a number of interns and volunteers, who support Alfanar's work in programmes, communications and running events.

# ALFANAR

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## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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### Objects, Objectives and Activities

#### a) Objects

- i) The advancement of education and learning for the public benefit and in particular to educate men and women and young people of all ages from a broad range of geographical, ethnic, social and economic backgrounds in the Arab World (this includes all member countries of the Arab League), to enable them to realise their full potential as individuals, within their communities and within society as a whole;
- ii) To develop the capacity and skills of the members of socially and economically disadvantaged communities in countries in the Arab World (including all member countries of the Arab League) in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society, provided always that nothing contained herein shall authorise or be deemed to authorise the carrying on of any activity for any purposes except those regarded as charitable by the laws of England and Wales.

#### b) Vision Statement

Alfanar's vision is a vibrant civil society in the Arab World, with strong, local, financially sustainable organisations, providing high quality services to disadvantaged women and children.

#### c) Mission Statement

Alfanar's mission is to strengthen children's education and women's economic empowerment by employing a venture philanthropy approach that provides grants, and technical assistance to charities and social enterprises in Egypt, Lebanon and Libya, helping them to achieve financial sustainability and strengthen their social impact over time.

#### d) 2013 Objectives

**Objective 1: To support social entrepreneurs working in Egypt and Lebanon in women's empowerment and children's education.**

In 2013 Alfanar supported 10 organisations in Egypt and Lebanon with grants and technical assistance, to achieve greater financial sustainability and enhance their impact on women and children. Alfanar impacted a total of 6,261 individuals in 2013 (63% women, 37% children), and achieved beneficiary and revenue Compounded Annual Growth Rates (CAGRs) of 63.5% and 51% respectively.

Alfanar initiated a new programme with the Future Eve Foundation (FEF), supported by the Department for International Development (DFID). DFID's 2 year grant of £312,000 will support 4,970 widows in 15 villages across Minya and Beni Suef (and an urban slum in Minya) over a 2 year period. The provision of financial literacy training, vocational training, microloans, and the establishment of social lending funds that train widows on how to borrow from and lend to one another constitute the core activities of this ambitious project.

Alfanar's support for women in the region also extends to 3 more ambitious social enterprises.

- **Helwan Association for Community Development (Bashayer)** operates a sewing and production cooperative in a slum region of Cairo that employs 96 women. Through the restricted support of Six of October Development and Investment (SODIC), Alfanar has helped Bashayer strengthen its design and sewing skills, launching a new collection of clothing and housewares in 2013.
- **Shomoo Association for Sustainable Development (Shomoo)** trains non-governmental organisations (NGOs) to run literacy and awareness raising classes in 42 villages in Minya in addition to operating a micro-loan and vocational training programme for 1,575 women participants. Alfanar is working with Shomoo to ensure financial sustainability; this investment is made possible through restricted funds from SODIC.
- **Women Programme Association (WPA)** will launch a new catering business in the Burj Al Barajineh Palestinian refugee camp in Lebanon, with the primary goal of providing training to 30 women and securing employment for 15 women at the catering centre.

## ALFANAR

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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Alfanar strengthens children's education in Egypt and Lebanon by supporting 6 social enterprises.

- **Future Lights for Development Organisation (FLDO)** runs a Montessori nursery that doubles as a training hub for nurseries that operate in slum areas. FLDO has scaled its preschool training activities with nursery schools principals, teachers, assistants and parents in recent years through Alfanar's support. To date, FLDO has trained 19 nurseries throughout Cairo and impacted over 2,500 children. In 2013 FLDO's model day care centre broke even. FLDO also operates a recycling unit that produces high quality education tools for nurseries to complement its activities. This innovative, multi-faceted investment is supported by SODIC and the Global Fund for Children.
- **Bedayaat Foundation (Bedayaat)** runs a children's learning and recreation centre for Minya's marginalized Badawi Shelters and Al-Ashash Mahfouz District, offering non-formal literacy & numeracy classes to local children. With Alfanar's support, Bedayaat has launched weaving and paper cone production units to help cover the centre's costs.
- **Iqra Association (Iqra)** completed its 5-module literacy-training manual through Alfanar's support and trained 17 in house trainers to instruct Lebanese public school teachers on the programme. Alfanar's funding covered the training of 40 public school teachers and 560 children at risk of dropping out. Alfanar is working with Iqra to elaborate a business plan aimed at commercialising its literacy training services in Lebanon and throughout the Arab region.
- **Al Mawred Al Thaqafy (Al Mawred)** established a circus arts school in the heart of Old Cairo with Alfanar's support and, using funding given in previous years, in 2013 trained a professional performance troupe of 41 students and graduates to give for-fee performances. This investment is supported by SODIC.
- **Nawaya Network** operates an innovative mentorship programme in Lebanon and plans to match 100 adult mentors with 75 youth mentees in addition to providing supplementary employment opportunities for mentors and education opportunities for mentees.
- **Masr El Mahrousa Balady (MMBA)** installed 8 vocational training workshops in 7 detention centres for youth in Cairo and provided vocational training in accessories and electronics to 145 youths. Alfanar exited MMBA in June 2013 with the knowledge that the constructed workshops will allow youths to hone practical skills for the job market and allow detention centres to generate income by renting out vocational training spaces and selling services.

#### **Objective 2: To expand operations into Lebanon and Libya.**

An Alfanar affiliate officially registered in Libya in April 2013. Since then Alfanar Libya has recruited a Board of Trustees, set up an office, and is actively looking to identify Libyan non-governmental social enterprises working with women and children to support in 2014. Due to increasing political instability and heightened security concerns, Alfanar's Board decided in November 2013 to suspend an investment, initially approved in 2012, to Egyptian investee FLDO, to implement its Montessori-style preschool training programme in AbouSelim, Tripoli. Alfanar remains committed to strengthening civil society in Libya for the foreseeable future.

Alfanar set up an office in Lebanon in April 2013. An affiliate Board filed for local NGO registration, which was received in May 2014. Alfanar employed an Advisor in Lebanon to run operations and is supporting 3 social enterprises, working to economically empower women and to improve children's education.

#### **Objective 3: To conduct a strategic review in order to develop a 3 year strategy.**

Alfanar, with support from Strategy& (formerly Booz & Company) Middle East Offices, conducted a strategic review of activities, through consultation with key stakeholders. At a Board meeting in Q4 2013, Strategy& made recommendations for future strategic direction, based on the findings of the review. Alfanar will continue to strengthen its venture philanthropy approach in line with guidance received and a new 3-year strategy is currently being developed.

In 2013 Alfanar developed a new investment cycle, which strengthened project cycle management, tightened up grant making processes and procedures and introduced a new monitoring and evaluation system to measure both social impact and financial return.

## ALFANAR

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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#### **Objective 4: To strengthen monitoring and evaluation systems.**

Alfanar's portfolio utilizes a variety of measures and indicators to assess impact. Alfanar's new monitoring and evaluation system provides quantitative and qualitative measures of financial and beneficiary data. Progress is displayed through CAGRs, which signify the year to year growth of individual partners' financial and beneficiary activities and Alfanar's portfolio as a whole. This informs decisions regarding grant making, and project design.

#### **Objective 5: To strengthen communications and fundraising.**

Alfanar developed a new website in 2013 and was proactive on social media, raising awareness of venture philanthropy in the Arab world.

Alfanar diversified its fundraising in 2013, securing a 2 year grant of £312K from DFID's Arab Partnership Programme in Cairo and continuing to strengthen its partnerships with individuals, the corporate sector and trusts and foundations, seeing an increase in income of 62% on 2012. Alfanar focused in Q4 2013 on strengthening relationships with potential major donors and planning a 10<sup>th</sup> anniversary event to be held in Q1 2014.

#### **Financial Review**

Alfanar's 2013 income was £721K (£445K: 2012), an increase of 62% on 2012 and a significant achievement. This was largely due to a rise in institutional income, an increase in support from the corporate sector and growth in donations from individual supporters.

Expenditure in 2013 was £586K (£432K: 2012), an increase of 35%. Expenditure on grant awards in particular grew by 37%. Alfanar generated a surplus of £136K. The surplus is higher than budgeted because a financial cap on Alfanar's charitable expenditure in Egypt, imposed by the Egyptian Ministry of Social Solidarity, limited our ability to commit grants to investees in 2013. This financial cap was lifted in December 2013 and significant grant transfers were therefore made in early 2014.

At the end of December 2013, Alfanar had total funds of £400K, of which £238K was unrestricted, representing 7-8 months of operating costs. Alfanar's recommended reserves policy is 6 months of operating costs, however funds are also held to finance programme activities not covered by restricted income.

Alfanar has a healthy spread of donor income, with income from corporate donors (16%), individual donors (45%) and institutional donors (24%) as well as trusts, foundations and events. Alfanar's Board remained committed in 2013 to covering the charity's overhead costs thus ensuring all additional donations directly support Alfanar's venture philanthropy grants and technical support in the Arab region. In 2013, Alfanar's directly attributable costs for grants to investees accounted for 73% of our total spend. Alfanar is committed to increasing this ratio as it achieves economies of scale.

Alfanar's Trustees extend their deep gratitude to all of our donors. It is through your invaluable support that we have been able to make our dream of expansion a reality, extending our venture philanthropy investment and support to more social enterprises in Egypt, Lebanon and Libya. For more details on our donors, please see Note 2 of our financial statements or our website: [www.alfanar.org](http://www.alfanar.org).

## ALFANAR

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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#### Plans for the Future Periods

Alfanar works to strengthen children's education and women's economic empowerment by providing grants, social investment and technical assistance to charities and social enterprises in Egypt, Lebanon and Libya, helping them to achieve financial sustainability.

Alfanar conducted a strategic review exercise in Q3 and Q4 2013 with the support of Strategy& (formerly Booz & Company). This involved competitor analysis and discussions with Alfanar's key stakeholders. Following a strategy meeting with the Board in Q4 2013, Alfanar's management is developing a 3 year strategy which will continue to strengthen the organisation's venture philanthropy approach and commitment to supporting social enterprises working with women and children in the Arab world. The strategy will be complete in mid 2014. Objectives for 2014 are:

- 1) To provide funding (grants and loans) and quality technical assistance to charities and social enterprises that are promoting women's economic empowerment and children's education and are committed to cost recovery, in order to improve their financial sustainability and social impact.
- 2) Strengthen Alfanar's portfolio of programmes, working with small and medium sized organisations at different stages of development and growth to increase their cost recovery year by year.
- 3) Develop social enterprise models of best practice that we will replicate and share in the Arab world.
- 4) As the Arab world's first venture philanthropy organisation, actively promote venture philanthropy and partnerships in the Arab world through communications and events.
- 5) Grow our income from £721K in 2013 to over £1M in 2014 through investment in fundraising, diversification of income sources and development of strategic partnerships with like-minded organisations.

#### Public Benefit Statement

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. The public benefit of the charity's activities is outlined under 'Objects, Objectives and Activities' above.

#### Statement of Trustees' responsibilities

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

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

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



**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

In so far as the Trustees are aware:

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

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

**Preparation of this report**

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

**Auditors**

During the year, MHA MacIntyre Hudson was appointed as auditor of the charitable company, and has expressed its willingness to continue in office,

Signed on behalf of the Trustees

  
.....  
Julia Middleton  
Trustee

Date: 10-6-14

## ALFANAR

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### INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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We have audited the financial statements of Alfanar for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**ALFANAR**

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**INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Opinion on other matter prescribed by the Companies Act 2006**

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

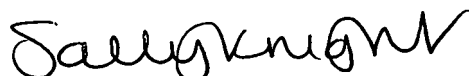
**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report.

**Other matters**

The financial statements for the comparative period were not audited.



Sally Knight (FCA) (Senior Statutory Auditor)  
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor

MHA MacIntyre Hudson  
Chartered Accountants & Statutory Auditor  
New Bridge Street House  
30 - 34 New Bridge Street House  
London EC4V 6BJ

Date: 2 July 2014

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ALFANAR

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating the Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Unaudited Total Funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	348,242	69,000	417,242	313,205
Activities for generating funds	2	15,952	-	15,952	22,171
Income from charitable activities	2	-	285,604	285,604	102,823
Other incoming resources	2	2,606	-	2,606	6,708
<b>TOTAL INCOMING RESOURCES</b>		<b>366,799</b>	<b>354,604</b>	<b>721,403</b>	<b>444,907</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds	3	76,360	-	76,360	10,806
Charitable expenditure	3	262,906	227,316	490,222	419,154
Governance costs	3	19,308	-	19,308	1,860
<b>TOTAL RESOURCES EXPENDED</b>		<b>358,574</b>	<b>227,316</b>	<b>585,890</b>	<b>431,820</b>
<b>NET MOVEMENT IN FUNDS BEFORE TRANSFERS</b>		<b>8,225</b>	<b>127,288</b>	<b>135,513</b>	<b>13,087</b>
<b>TRANSFERS BETWEEN FUNDS</b>	10	<b>37,034</b>	<b>(37,034)</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS, BEING NET INCOME FOR THE YEAR</b>	6	<b>45,259</b>	<b>90,254</b>	<b>135,513</b>	<b>13,087</b>
<b>TOTAL FUNDS AT 1 JANUARY 2013</b>		<b>193,055</b>	<b>71,630</b>	<b>264,685</b>	<b>251,598</b>
<b>TOTAL FUNDS AT 31 DECEMBER 2013</b>		<b>238,314</b>	<b>161,884</b>	<b>400,198</b>	<b>264,685</b>

The annexed notes form part of these financial statements

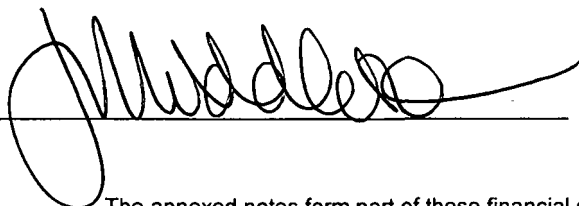
**ALFANAR**

**BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Notes	2013		Unaudited 2012	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		2,908		1,070
<b>CURRENT ASSETS</b>					
Debtors	8	128,462		18,726	
Cash at bank and in hand		<u>394,468</u>		<u>292,870</u>	
		522,930		311,596	
<b>Creditors: amounts falling due within one year</b>	9	(125,640)		(47,981)	
<b>NET CURRENT ASSETS</b>			<u>397,290</u>		263,615
<b>NET ASSETS</b>			<u>400,198</u>		<u>264,685</u>
<b>FUNDS</b>					
Restricted funds	10		161,884		71,630
Designated funds	10		17,729		-
General fund	10		220,585		193,055
			<u>400,198</u>		<u>264,685</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved, and authorised for issue, by the trustees on 10 June 2014 and signed on their behalf by:-



JULIA MIDDLETON, Trustee

Date: 10-6-14

The annexed notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. Accounting Policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities SORP (Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005)), the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The effects of events relating to the year ended 31 December 2013 which occurred before the date of approval of the financial statements by the Board of Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2013 and the results for the year ended on that date.

The figures for the year ended 31 December 2012 are unaudited, as the accounts were subject to an independent examination that year.

The format of the Statement of Financial Activities has changed in the year because functional headings have been implemented. Natural income & expenditure headings can no longer be used as the charity's incoming resources are now in excess of £500,000. The restatement of comparatives has no impact on the surplus or reserves for the year.

***Company status***

Alfanar is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

***Fund accounting***

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

***Incoming resources***

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Gift Aid is included on date of receipt of the Gift Aid claim.

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when received.

Gifts in kind are included in income and expenditure at the value of the gift to the charity.

***Resources expended***

All expenditure is accounted for on an accruals basis. Irrecoverable VAT is charged in line with the expense it relates to.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis, being an estimate, based on staff time, of the amount attributable to each activity.

Costs of generating funds	13%
Charitable expenditure	84%
Governance costs	3%

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

**Grant payable**  
Grants payable are reflected in the accounts at the point at which they are approved by the Board.

**Foreign currencies**  
Transactions in foreign currencies are recorded at the average rate ruling during the year. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

**Tangible fixed assets and depreciation**  
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets over their estimated useful lives as follows:

Office equipment	-	25% of net book value
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All assets costing more than £1,000 are capitalised.

**Branch accounting**  
The Charity has overseas branches in Lebanon and Egypt. These financial statements include the branches' transactions during the year, and their assets and liabilities at the year end (after adjusting for transactions and balances between the branches and the UK office).

## ALFANAR

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**
**2. INCOMING RESOURCES**

	<b>Unrestricted Funds 2013 £</b>	<b>Restricted Funds 2013 £</b>	<b>Total Funds 2013 £</b>	<i>Unaudited Total Funds 2012 £</i>
<b>VOLUNTARY INCOME</b>				
<u>Alfanar donations</u>				
Alfanar, Inc., US	93,031	-	<b>93,031</b>	136,019
Charlotte Boyle and Alex Cooper-Evans	19,020	-	<b>19,020</b>	-
Hakeem and Myrna Belo-Osagie	66,109	-	<b>66,109</b>	-
Dr Taher and Cherine Helmy	3,000	-	<b>3,000</b>	-
Kharafi National	-	-	-	61,246
Cynthia J. Oakes	63,000	-	<b>63,000</b>	-
Rabih and Ghada Hage	2,000	-	<b>2,000</b>	-
Zuhoor Al Sayegh	-	-	-	4,228
Other donations	97,081	65,000	<b>162,081</b>	27,181
Gifts in kind	-	4,000	<b>4,000</b>	10,807
	<b>343,242</b>	<b>69,000</b>	<b>412,242</b>	239,481
<u>Tarek Ben Halim Memorial Fund</u>				
Lecico	-	-	-	10,231
Michael De Lathauwer Family Fund	-	-	-	10,000
Ramzi and Dalia Rishani	-	-	-	21,993
Richard Gnodde	-	-	-	16,500
Terry and Jonathan Miller	-	-	-	10,000
Vovos Better World Fund	5,000	-	<b>5,000</b>	5,000
	<b>5,000</b>	-	<b>5,000</b>	73,724
<b>TOTAL VOLUNTARY INCOME</b>	<b>348,242</b>	<b>69,000</b>	<b>417,242</b>	<b>313,205</b>
<b>ACTIVITIES FOR GENERATING FUNDS</b>				
<u>Fundraising Dinner</u>				
John J Studinski	9,000	-	<b>9,000</b>	-
Cadogan Hall Concert	2,221	-	<b>2,221</b>	-
Egypt Concert	3,993	-	<b>3,993</b>	-
Other donations	738	-	<b>738</b>	22,171
	<b>15,952</b>	-	<b>15,952</b>	22,171
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>				
DFID	-	158,551	<b>158,551</b>	-
Global Fund for Children	-	12,685	<b>12,685</b>	-
Six of October Development and Investment (SODIC)	-	114,368	<b>114,368</b>	102,823
	-	<b>285,604</b>	<b>285,604</b>	102,823
<b>OTHER INCOMING RESOURCES</b>	<b>2,606</b>	-	<b>2,606</b>	6,708
<b>TOTAL INCOMING RESOURCES</b>	<b>366,799</b>	<b>354,604</b>	<b>721,403</b>	<b>444,907</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 3. RESOURCES EXPENDED

	Costs of Generating Funds 2013 £	Charitable Expenditure 2013 £	Governance Costs 2013 £	Total Expenditure 2013 £	Unaudited Total Expenditure 2012 £
<b>DIRECT COSTS</b>					
Anniversary Dinner	-	-	-	-	10,806
Audit	-	-	6,660	6,660	-
Grants (See note 4)	-	260,672	-	260,672	191,047
Independent Examination Fees	-	-	-	-	1,860
Staff/consultant costs (See note 5)	56,207	168,621	9,368	234,196	152,914
	<b>56,207</b>	<b>429,293</b>	<b>16,028</b>	<b>501,528</b>	<b>356,627</b>
<b>SUPPORT COSTS</b>					
Accounting and compliance	2,990	9,039	487	12,516	11,940
Arab Foundations Forum membership	185	559	30	774	743
Bank charges	414	1,252	67	1,733	1,430
Depreciation	173	524	28	725	68
Freelance staff	985	2,979	160	4,124	14,271
Insurance	285	862	46	1,193	1,051
Legal and professional fees	5,666	17,129	922	23,717	53
Loss on exchange	1,431	4,327	233	5,991	8,477
Jussoor workshops	-	-	-	-	2,174
Payroll fees	-	-	-	-	576
Publicity and promotion	175	529	28	732	6,522
Rent	3,609	10,911	588	15,108	16,507
Staff expenses	54	163	9	226	224
Translation	-	-	-	-	259
Travel and accommodation expenses	2,543	7,688	414	10,645	9,086
Website	902	2,726	147	3,775	271
Other expenses	741	2,241	121	3,103	1,541
	<b>20,153</b>	<b>60,929</b>	<b>3,280</b>	<b>84,362</b>	<b>75,193</b>
	<b>76,360</b>	<b>490,222</b>	<b>19,308</b>	<b>585,890</b>	<b>431,820</b>

Support Costs are allocated on the basis of direct staff costs.

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

4. GRANTS PAYABLE	<i>Unaudited</i>	
	2013	2012
	£	£
Grant awards brought forward	37,549	19,804
Awarded in year (see below)	260,672	191,047
Paid in year	(220,469)	(173,302)
Grant awards carried forward	<u>77,752</u>	<u>37,549</u>
<b>GRANT AWARDS</b>		
	<i>Unaudited</i>	
	2013	2012
	£	£
<b>EGYPT</b>		
Al Mawred Al Thaqafy (Al Mawred)	-	12,800
Bedayaat Foundation (Bedayaat)	13,161	19,039
Future Lights for Development Organisation (FLDO)	32,392	81,741
Helwan Association for Community Development (Bashayer)	4,891	14,124
Masr el Mahrousa Balady Association (MMBA)	7,227	7,576
Shomoo Association for Sustainable Development (Shomoo)	5,993	18,009
Future Eve Foundation Pilot	903	15,345
Future Eve Foundation (DFID)	141,504	-
<b>LEBANON</b>		
Iqra Association (Iqra)	516	12,382
Nawaya Network	14,690	-
Women's Programme Association (WPA)	13,292	-
<b>LIBYA</b>		
Future Lights for Development Organisation (FLDO)	(10,031)	10,031
Alfanar Libya	36,134	-
	<u>260,672</u>	<u>191,047</u>

Further information about the activities funded through grants made to investees above can be found in the Board of Trustees' Report.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**


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**5. STAFF COSTS**

	<b>2013</b>	<i>Unaudited</i>
	£	2012 £
Gross salaries	<b>150,228</b>	112,287
Maternity Cover (Contractor)	<b>23,826</b>	-
Social security costs	<b>15,435</b>	11,918
Salaries of overseas staff	<b>15,931</b>	20,272
Other overseas staff costs	<b>10,581</b>	5,476
	<b>216,001</b>	149,953
Consultants' costs	<b>18,195</b>	2,961
	<b>234,196</b>	152,914

3.60 full time staff equivalents were employed by the Charity in the year (2012: 3.21)

No employee received remuneration above £60,000 in the year (2012: 1 employee earned between £60,000 and £70,000)

The Trustees received no remuneration nor the reimbursement of expenses in either year.

**6. NET MOVEMENT IN FUNDS**

This is stated after charging:

	<b>2013</b>	<i>Unaudited</i>
	£	2012 £
Auditors' remuneration:		
audit (including VAT) / independent examination	<b>6,660</b>	1,860
Depreciation	<b>725</b>	68
Operating lease rentals:		
property	<b>15,108</b>	16,507

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

7. TANGIBLE FIXED ASSETS - Office equipment

	£
<b>Cost</b>	
At 1 January 2013	1,953
Additions in the year	2,564
At 31 December 2013	<u>4,517</u>
<b>Depreciation</b>	
At 1 January 2013	883
Charge for the year	726
At 31 December 2013	<u>1,609</u>
<b>Net book value</b>	
At 31 December 2013	<u>2,908</u>
At 31 December 2012	<u>1,070</u>

	2013	<i>Unaudited</i> 2012
	£	£
<b>8. DEBTORS</b>		
<b>Due within one year</b>		
Donations receivable	127,181	18,396
Prepayments	1,281	330
	<u>128,462</u>	<u>18,726</u>

	2013	<i>Unaudited</i> 2012
	£	£
<b>9. CREDITORS</b>		
<b>Due within one year</b>		
Trade creditors	1,518	2,696
Grants to projects	77,752	37,549
Taxation	992	4,736
Deferred Income	37,000	-
Accruals	8,378	3,000
	<u>125,640</u>	<u>47,981</u>

Deferred income brought forward	-	-
Released in the year	-	-
Incoming resources deferred in the current year	37,000	-
Deferred Income carried forward	<u>37,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. STATEMENT OF TOTAL FUNDS	Unaudited Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
<b>RESTRICTED FUNDS</b>					
<b>EGYPT</b>					
Al Mawred Al Thaqafy (Al Mawred)	6,599	13,254	(1,325)	-	18,528
Future Lights for Development Organisation (FLDO)	-	62,484	(38,640)	-	23,844
Helwan Association for Community Development (Bashayer)	12,259	35,918	(8,483)	-	39,694
Shomoo Association for Sustainable Development (Shomoo)	14,581	15,397	(7,533)	-	22,445
Future Eve Foundation (DFID)	1,157	-	(1,157)	-	-
Minya City	-	158,551	(158,551)	-	-
Bedayaat Foundation (Bedayaat)	-	60,000	(2,627)	-	57,373
Gifts In Kind	-	5,000	(5,000)	-	-
	-	4,000	(4,000)	-	-
<b>LIBYA</b>					
Alfanar Libya	37,034	-	-	(37,034)	-
<b>TOTAL RESTRICTED FUNDS</b>	<b>£ 71,630</b>	<b>£ 354,604</b>	<b>(£ 227,316)</b>	<b>(£ 37,034)</b>	<b>£ 161,884</b>
<b>UNRESTRICTED FUNDS</b>					
<b>GENERAL FUNDS</b>					
	193,055	360,299	(329,861)	(2,908)	220,585
<b>DESIGNATED FUNDS</b>					
Fixed Assets	-	-	-	2,908	2,908
Alfanar Libya	-	6,500	(28,713)	37,034	14,821
	-	6,500	(28,713)	39,942	17,729
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>£ 193,055</b>	<b>£ 366,799</b>	<b>(£ 358,574)</b>	<b>£ 37,034</b>	<b>£ 238,314</b>
<b>TOTAL FUNDS</b>	<b>£ 264,685</b>	<b>£ 721,403</b>	<b>(£ 585,890)</b>	<b>-</b>	<b>£ 400,198</b>

During the year confirmation was received that there was no restriction on the Alfanar Libya Restricted fund, and therefore, it should be presented within designated funds. As such, the balance carried forward from 2012 of £37,034 was transferred to Designated funds where it is currently being disclosed.

**PURPOSES OF RESTRICTED FUNDS**

**Al Mawred Al Thaqafy (Al Mawred)** established a circus arts school in the heart of Old Cairo with Alfanar's support and in 2013 trained a professional performance troupe of 41 students and graduates to give for-fee performances. This project is supported by SODIC.

**Future Lights for Development Organisation (FLDO)** runs a Montessori nursery that doubles as a training hub for nurseries that operate in slum areas. In 2013 FLDO's model day care centre broke even. FLDO also operates a recycling unit that produces high quality education tools for nurseries to complement its activities. This project is supported by SODIC and the Global Fund for Children.

**Helwan Association for Community Development (Bashayer)** operates a sewing and production cooperative in a slum region of Cairo that employs 96 women. Through the support of SODIC, Alfanar has helped Bashayer strengthen its design and sewing skills, launching a new collection of clothing and house wares in 2013.

**Shomoo Association for Sustainable Development (Shomoo)** trains non-governmental organisations (NGOs) to run literacy and awareness raising classes in 42 villages in Minya in addition to operating a micro-loan and vocational training programme for 1,575 women participants. Alfanar is working with Shomoo to ensure financial sustainability; this project is made possible through the support of SODIC.

**Minya City (Egypt)** is a restricted fund created to support projects in Minya City including the Bedayaat Foundation, the Future Eve Foundation and the Shomoo Association for Sustainable Development.

## ALFANAR

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### PURPOSES OF DESIGNATED FUNDS

**Fixed Asset Fund** represents the net book value of tangible fixed assets in use and therefore not available to meet future expenditure. A transfer is made each year to reflect the change in net book value.

**Alfanar Libya Fund** represents a designated fund to support the organisations activities in the country.

#### 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Unaudited Total Funds 2012 £
Tangible fixed assets	2,908		2,908	1,070
Current assets	361,046	161,884	522,930	311,596
Creditors due within one year	(125,640)	-	(125,640)	(47,981)
	<b>£ 238,314</b>	<b>£ 161,884</b>	<b>£ 400,198</b>	<b>£ 264,685</b>

#### 12. RELATED PARTIES

The Founder of the Bedayaat Foundation (Bedayaat), Mr Karim Gohar, is the brother of one of Alfanar's trustees, Nadia Plumbly. Bedayaat independently submitted a proposal to Alfanar's January 2011 call for proposals in Egypt. Given its alignment with Alfanar's selection criteria, Bedayaat successfully progressed through Alfanar's screening, shortlisting, and due diligence process. The Board of Trustees approved a grant to Bedayaat in 2011. Trustee Nadia Plumbly has consistently removed herself from Board meetings when discussions about and/or voting on this investment took place. Mr Karim Gohar received no personal benefit from the grant of £8,161 (2012: £19,039).

Three months into implementation, Mr Karim Gohar stepped down as Chief Executive of Bedayaat to serve as the Foundation's Board Chair.

In 2013, Charlotte Boyle (a trustee) donated £4,000 of travel and accommodation in relation to the Emirates Foundation conference in Abu Dhabi.

Alfanar rents and pays for UK office space from 'Common Purpose', where Julia Middleton (trustee) is the Chief Executive.

Cynthia J. Oakes continues to serve as a director of Alfanar, Inc., US.

#### 13. LEASE COMMITMENT

Alfanar had annual commitments at the period end under operating leases expiring as follows:

	2013 £	Unaudited 2012 £
Land & Buildings 2 - 5 Years	<b>14,738</b>	<b>15,523</b>