

ARAB LEARNING INITIATIVE
(Company limited by guarantee no. 5141908
registered charity no. 1105048)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

ARAB LEARNING INITIATIVE

(Company limited by guarantee no. 5141908, registered charity no. 1105048)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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ARAB LEARNING INITIATIVE

LEGAL AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 DECEMBER 2005

Trustees	Tarek Ben Halim Dr Laila Iskander - appointed 20 July 2005 Julia Middleton - appointed 20 July 2005 Lubna Olayan - appointed 27 April 2006
Company Secretary	Margherita Gatt
Company reg. no.	5141908
Charity reg. no.	1105048
Registered office	18 Parkside 28-56 Knightsbridge London SW1X 7JW
Bankers	C. Hoare & Co 37 Fleet Street London EC4P 4DQ
Accountants	Gotham Erskine Chartered Accountants Friendly House 52 - 58 Tabernacle Street London EC2A 4NJ
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG

ARAB LEARNING INITIATIVE

BOARD OF TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Trustees, who act as the directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, submit the annual report and the financial statements of Arab Learning Initiative for the year. The Board of Trustees confirms 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)'.

Organisation and structure

Legal and administrative information as set out on page 1 forms part of this report.

Arab Learning Initiative (the "Company") is limited by guarantee and has dispensation from the relevant authorities to omit "Limited" from its name. The Company came into operation on 1st June 2004 and was granted charitable status on 22nd July 2004.

Aims and Objects of the Charity

The Company's original objects were 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 realize their full potential as individuals, within their communities and within society as a whole, provided always that nothing contained herein shall authorize, or be deemed to authorize, the carrying on of any activity for any purposes except those regarded as charitable by the laws of England and Wales.

As a result of preliminary development work in Egypt, the Board felt that a more expanded definition of the Company's objects would be helpful both in defining the Company's specific purpose and as providing greater clarity for supervising authorities and beneficiaries abroad. The Board wished to ensure that the scope of the Company's intended activities would enable it to support as wide a beneficiary group as possible, both by reaching a wider audience and also by diversifying the means by which the Company does so in furtherance of its mandate to advance education and learning for the public benefit. The Charity Commission agreed the following wording of the Company's objects clause on 29th April 2005.

The Company's objects are:

- a. 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;
- b. 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.

ARAB LEARNING INITIATIVE

BOARD OF TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Report of activity

2005 was our first full year of operations. We started our work in Egypt and have made considerable progress. In 2006, we will continue to build on our achievements in Egypt and plan to begin working in a second Arab country. Our main achievements so far have been:

- We sourced and funded three excellent projects with three innovative NGOs.
- We have identified two new projects to fund in early 2006.
- We formed our Board of Trustees with two exceptional people.
- We launched our website www.arablearninginitiative.org
- We developed two new partnerships that will support our work in Egypt.
- Our registration in Egypt is almost completed (no easy task).
- We opened our Cairo office.
- We applied for tax exempt status in the US.
- We are hiring 2 new people. Check the positions out on our website, **AND**
- We started fund raising!

We remain focused on what we are trying to achieve. Our goal is to promote social change in the Arab world. We do this by working with outstanding people and NGOs on grassroots projects that can capitalise from our funding support and our emphasis on achieving financial sustainability. Because we support grassroots enterprises many of the projects we fund do not require large financial contributions. Nevertheless, these projects have a disproportionately large and positive impact in their communities. Our work can best be described as a venture philanthropy fund for the Arab world.

We have received our first donations! Our very first donation was £25,000 from an old friend who had coincidentally heard about our work and emailed us to make the donation. Wonderful man! We are also thrilled to have received a donation of approximately £25,000 from the Westminster Foundation for Democracy to fund one of our new projects. WFD is an organisation accountable to Parliament in the UK and was established to provide assistance in building and strengthening pluralist democratic institutions internationally. We are adding a new section on our website entitled "How to contribute" for any individual contributions that people may wish to make. As founder, I have made a significant financial contribution to start up Arab Learning Initiative. Going forward, I plan to continue to make significant contributions but hope that by demonstrating our achievements, others will want to support this effort.

In April 2006, we added a new Trustee, Lubna S.Olayan. Lubna is a Saudi Arabian national and one of the leading businesswomen in the Arab world.

Reserves and risks policies

The Trustee considers the Company to have sufficient funds to meet its immediate needs. The risks facing the Company are primarily associated with the establishment and operation of the Egypt branch. The rigorous selection of our projects is designed to mitigate these risks.

By order of the Board

Tarek Ben Halim -Trustee

Date: 2006

**Accountants' report on the unaudited accounts
to the Trustees of Arab Learning Initiative**

In accordance with the engagement letter dated 12 May 2005 and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the Company which comprise the Statement of Financial Activities, the Balance Sheet and the related notes from the accounting records and information and explanations you have given us.

This report is made to the Trustees in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Trustees that we have done so, and state those matters that we have agreed to state to him in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Trustees for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the comp

You have approved the financial information for the year ended 31 December 2005 and have acknowledged your responsibility for it, for the appropriateness of the accounting basis and for providing all information and explanations necessary for its compilation.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Gotham Erskine
Chartered Accountants
Friendly House
52 - 58 Tabernacle Street
London EC2A 4NJ

Date:

ARAB LEARNING INITIATIVE (company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Gift in kind	9	-	52,027	52,027	19,600
Voluntary income	2	65,554	-	65,554	10,000
Bank interest receivable		107	-	107	-
TOTAL INCOMING RESOURCES		65,661	52,027	117,688	29,600
RESOURCES EXPENDED					
Charitable activities:					
Donations to projects	3	30,762	-	30,762	-
Other charitable expenditure	5	6,943	52,027	58,970	19,997
Governance costs	4	1,175	-	1,175	705
TOTAL RESOURCES EXPENDED		38,880	52,027	90,907	20,702
NET MOVEMENT IN FUNDS		26,781	-	26,781	8,898
TOTAL FUNDS AT 1 JANUARY 2005		8,898	-	8,898	-
TOTAL FUNDS AT 31 DECEMBER 2005		£ 35,679	£ Nil	£ 35,679	£ 8,898

The annexed notes form part of these financial statements

ARAB LEARNING INITIATIVE

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		705		-
CURRENT ASSETS					
Cash at bank and in hand		36,149		9,838	
CREDITORS: amounts falling due within one year		(1,175)		(940)	
NET CURRENT ASSETS			34,974		8,898
NET ASSETS			<u>£ 35,679</u>		<u>£ 8,898</u>
FUNDS					
Restricted funds	9		-		-
Unrestricted funds:					
General fund	9		35,679		8,898
			<u>£ 35,679</u>		<u>£ 8,898</u>

The Trustees are satisfied that the Company is entitled to exemption under Section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The Trustees acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities. They were approved by the Board of Trustees on 2006 and signed on its behalf by:-

TAREK BEN HAILIM,

The annexed notes form part of these financial statements

ARAB LEARNING INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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)") and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The effects of events relating to the period ended 31 December 2005 which occurred before the date of approval of the financial statements by the Board of Trustees has 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 2005 and the results for the period ended on that date.

Company status

Arab Learning Initiative 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. All the income in the year was unrestricted.

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.

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.

Resources Expended

All expenditure is accounted for on an accruals basis.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity.

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 on the following rates:

Office equipment - 25% of net book value

All assets costing more than £250 are capitalised.

2. VOLUNTARY INCOME - DONATIONS

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	<i>Total Funds 2004 £</i>
Tarek Ben Halim - Gifts in kind	-	52,027	52,027	19,600
Tarek Ben Halim	-	-	-	10,000
Oakes Ben Halim Family Charitable Trust	40,000	-	40,000	-
Safwan Petrol Co.	24,988	-	24,988	-
Other donations	566	-	566	-
	£ 65,554	£ 52,027	£ 117,581	£ 29,600

As referred to in note 11, Tarek Ben Halim provided office costs and paid for salary and other staff costs in the

ARAB LEARNING INITIATIVE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

3. PROJECT DONATIONS

	2005 £	2004 £
Wadi Environmental Science Centre	9,641	-
El Nafeza Foundation for Cultural Development	11,104	-
Wadi El Nil Association for Protection of Quarry Workers	10,017	-
	<u>£ 30,762</u>	<u>£ Nil</u>

The Wadi Environmental Science Centre undertakes pilot testing of a science education programme currently provided to children from private schools, in order to provide the same service to public school children.

The El Nafeza Foundation for Cultural Development undertakes a project setting up a learning centre to teach the craft of papermaking.

Wadi El Nil Association for Protection of Quarry Workers is an organisation aiming to improve the working conditions of quarry workers in Minia, Egypt, by upgrading the machinery they are using as well as providing them with the appropriate clothing to protect them from the hazardous health conditions in which they work.

4. GOVERNANCE COSTS

	2005 £	2004 £
Accountants' fees	<u>1,175</u>	<u>705</u>

5. OTHER CHARITABLE EXPENDITURES

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
Staff costs	-	35,962	35,962	-
Office and other expenses	30	8,300	8,330	-
Bank charges	443	-	443	-
Secretarial support	-	2,765	2,765	-
Consultancy	1,428	-	1,428	19,997
Rent - Cairo office	822	-	822	-
Rent - London office	-	5,000	5,000	-
Depreciation	235	-	235	-
Legal and professional fees	3,985	-	3,985	-
	<u>£ 6,943</u>	<u>£ 52,027</u>	<u>£ 58,970</u>	<u>£ 19,997</u>

6. NET MOVEMENT IN FUNDS

The net movement in funds is stated after charging:

	2005 £	2004 £
Accountants' fees	1,175	705
Depreciation	<u>235</u>	<u>-</u>

ARAB LEARNING INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

7. TRUSTEES AND STAFF

2005
£

2004
£

Salaries of overseas staff

35,962 -

No employee received remuneration of more than £50,000.

The Company employed 2 staff in the period (2004:Nil).

During the year, the Trustees received no remuneration nor reimbursement of expenses.

8. TANGIBLE FIXED ASSETS

Office
equipment
£

Cost

Additions in the year

940

Depreciation

Charge for the year

235

Net book value

At 31 December 2005

£ 705

At 31 December 2004

£ Nil

9. STATEMENT OF FUNDS

Brought Forward Incoming Resources Resources Expended Carried Forward
£ £ £ £

RESTRICTED FUNDS

Gifts in kind (note 11)

-	52,027	(52,027)	-
<u>£ Nil</u>	<u>£ 52,027</u>	<u>£ (52,027)</u>	<u>£ Nil</u>

SUMMARY OF FUNDS

General Funds

8,898 65,661 (38,880) 35,679

Restricted Funds

- 52,027 (52,027) -

<u>£ 8,898</u>	<u>£ 117,688</u>	<u>£ (90,907)</u>	<u>£ 35,679</u>
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10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

All assets and liabilities at 31 December 2005 were unrestricted.

11. RELATED PARTIES

Mr Tarek Ben Halim, a Trustee of the Charity, paid £52,027 (2004:£19,600) for two salaries, Cairo office expenses and secretarial support costs. In 2004 he made a donation of £10,000 to the Charity for its general purposes.

Arab Learning Initiative
Income and Expenditure Analysis
For the year ended 31 December 2005

	2005		2004	
	£	£	£	£
Income				
Donations, legacies and similar incoming				
Tarek Ben Halim	-		10,000	
Tarek Ben Halim - Gifts in kind	52,027		19,600	
Oakes Ben Halim Family Charitable Trust	40,000		-	
Safwan Petrol Co.	24,988		-	
J M Moght Ader Mojdehi	500		-	
Other donations	66		-	
		<u>117,581</u>		<u>29,600</u>
Bank interest receivable		<u>107</u>		<u>-</u>
		<u>£ 117,688</u>		<u>£ 29,600</u>
Expenditure				
Donations		30,762		-
<i>Other costs</i>				
Staff costs	35,962		-	
Office and other expenses	8,330		-	
Bank charges	443		-	
Secretarial support	2,765		-	
Consultancy	1,428		19,997	
Rent - Cairo office	822		-	
Rent - London office	5,000		-	
Accountants' fees	1,175		705	
Legal and professional fees	3,985		-	
Depreciation	235		-	
		<u>60,145</u>		<u>20,702</u>
		<u>£ 90,907</u>		<u>£ 20,702</u>

For the Trustees use only