

ALFANAR

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

ALFANAR

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

CONTENTS

	Page
Legal and administrative information	1
Trustees' report	2
Reporting Accountants' report	6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9

**LEGAL AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Trustees	Tarek Ben Halim Laila Iskander Julia Middleton Lubna Olayan
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 LLP Chartered Accountants Friendly House 52 - 58 Tabernacle Street London EC2A 4NJ
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG

**BOARD OF TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Trustees, who act as the directors of 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. 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)'.

Organisation, structure and change of name

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

The Charity is a company limited by guarantee and has dispensation from the relevant authorities to omit "Limited" from its name. The Company was incorporated on 1st June 2004 and granted charitable status on 22nd July 2004.

Aims and Objects of the Charity

The Charity'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.

Report of activity

The Charity continued to develop its programme during 2008. It developed its relationships with its existing partners, the Wadi El Nil Association for the Protection of Quarry Workers, the Information and Technology Support Project, the Future Lights for Development Organisation, and the Helwan Association for Community Development (Bashayer). Furthermore, the Charity entered into a new partnership with the Egyptian Association for Social and Economic Rights. More detail is provided below about the projects run by these partners and supported by the Charity.

During the year the Charity developed its mission and development approach, and clarified its project selection criteria. It also undertook a strategic review of countries into which it will seek to expand its programme as and when resources allow. The Charity also widened its fundraising activities and started actively raising funds within Egypt for the Egyptian programme.

Review of partnerships in 2008

The Information and Technology Support Project continued to provide a web-based information centre that is updated daily and uses a right-based classification system to catalogue information collected from the press pertaining to topics of public interest in Egypt. During 2008, a number of improvements and additional services were developed. The number of website users more than doubled in the last six months of 2008, from 13,000 in July 2008 to 30,000 in December 2008. Future plans include developing additional services to widen the information centre's user base and to generate income through fees, contracts and partnerships. As income generating activities increase Alfanar expects to reduce its involvement.

**BOARD OF TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Wadi El Nil Association for the Protection of Quarry Workers (WNA) developed its training and credit programme for the families of children working in the quarry sector. Through this project a number of alternatives and incentives are provided to families in order to steer children away from working in the quarry sector. During the year 142 families received micro loans enabling them to set up small income-generating enterprises as an alternative source of income, against a target of 100 families. Furthermore WNA provided 50 children with vocational training in alternative vocations, and ran several workshops and other activities to raise the awareness of children and their families of the hazards of quarry work, and to provide them with some basic skills to assist with their new income generating enterprises. An independent final evaluation of the project revealed that loans to children's families were successful in leading to the cessation of children's work in the quarries. Moving the children trained within the vocational training programme into employment has proved more challenging, largely due to severe unemployment in rural Upper Egypt. In 2009, WNA plans to continue to work with the children to enable their transition from training to employment, and to expand the family loan programme.

Future Lights for Development Organisation (FLDO) has established a model Montessori nursery, together with an outreach programme, which was expanded to double the number of outreach nurseries originally planned. The programme targeted other nurseries in poor districts of Cairo and through the project, supervisors in these nurseries started receiving a training programme enabling them to provide the children with an environment more conducive to active learning. Furthermore awareness-raising meetings were held with children's families to discuss various issues including child rights, behaviour, health, and development, as well as the importance of the parent-nursery supervisor relationship. 190 parents accessed this programme, exceeding FLDO's expectations.

The Helwan Association for Community Development (Bashayer) provides economic and social support to women in the district of Helwan, a very poor area of Cairo. During the year it provided income-generating job opportunities for 200-300 women at any one time, while training over 100 women to develop their sewing and crochet production skills. Bashayer also provided a health clinic with expanded medical specialisations, together with a health awareness and community outreach programme. As part of this service, Bashayer trained 15 health workers at the clinic and in the area. Bashayer also supports the community more widely through literacy classes, and a listening programme for women victims of domestic violence. In 2009 Bashayer plans to improve its income-generating activities by developing the community health insurance programme associated with the health clinic, seeking to update its textile designs and accessing different markets for sale.

The Egyptian Association for Social and Economic Rights runs the T Centre for Training and Marketing, providing training and marketing opportunities to the pottery community of Al-Fustat. This community faces innumerable difficulties in securing their livelihoods as it is part of the informal economy and because its traditional kilns have been closed down due to environmental emissions. Potters from Al-Fustat can use the environmentally friendly kilns at the T Centre, while accessing a number of opportunities including training, legal assistance in re-opening their workshops and registering formally as a sector, and collective marketing tools and events. The organisation faces a number of challenges, including building trust within the community and improving product quality, but 2008 was the first year of the project and plans are in place to address these in 2009.

Alfanar's partnership with the **El Nafeza Foundation for Cultural Development** ended during 2008. El Nafeza runs a learning centre to teach the craft of papermaking and markets its products in order to raise a proportion of the funding it needs. It has also undertaken outreach activity to educate marginalised groups in papermaking and has expanded its activities to include other crafts. Alfanar's partnership with El Nafeza ended once most of the objectives of the partnership had been met.

**BOARD OF TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

We believe in the judgement and capability of our partner organisations and provide them with a combination of financial support, advice and expertise to achieve their development aims. Our support includes, for example, sourcing business planning, technical and marketing assistance for our partners.

We have raised increased funds in 2008, from a range of individual donors. With a proven track record we have started fundraising in the communities in which we work and across the Arab region more widely.

Alfanar has developed its mission and development approach, its selection criteria, and has in place effective and efficient management processes and financial controls. It intends to focus on expanding and diversifying its fundraising sources over the coming period, while consolidating and expanding its programme in Egypt. When conditions are appropriate it will assess the feasibility of expanding to other countries in the Arab region, but at present it maintains staff in Egypt only, to support the programme in that country and to fundraise across the Arab region. There is much evidence for support for and confidence in our achievements and approach, demonstrated in 2008 by our success in soliciting local private sector support in Cairo. In 2009 we aim to build on these achievements and increase that support.

Reserves policy

The Trustees consider the Charity's free reserves of £12,571 are sufficient to meet immediate needs. The Board of Trustees will review this level as the Charity expands its activities.

Risk management policy

The risks facing the Charity are primarily associated with the establishment and operation of the Egypt branch. The rigorous selection of projects supported by the Charity is designed to mitigate these risks. The Charity employs a very experienced development professional in Egypt as its managing director there, and a key part of her role is identifying and mitigating the associated risks of the programme.

Statement of Trustees' responsibilities

The Board of Trustees is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law applicable to charities in England and Wales requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing those financial statements the Board of Trustees have:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Charity will continue in operation).

**BOARD OF TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board of Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Accountants

A resolution to reappoint Gotham Erskine LLP as accountants will be put to the Trustees at the Annual General Meeting.

By order of the Board

Julia Middleton
Trustee
Date: 5 June 2009

Reporting accountants' report to the members on the unaudited accounts of Alfanar

We report on the financial statements for the year ended 31 December 2008 set out on pages 7 to 12.

Respective responsibilities of Board of Trustees and reporting accountants

As described on page 4, the Board of Trustees, which is the board of directors of Alfanar for the purposes of company law, is responsible for the preparation of the financial statements, and considers that the Company is exempt from the requirements for an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the Company, and making such limited enquiries of the officers of the Company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements for the year ended 31 December 2008 are in agreement with the accounting records kept by the Company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - i. the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii. the Company satisfied the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act as modified by section 249A(5) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

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

Date:

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)
FOR THE YEAR ENDED 31 DECEMBER 2008

	Unrestricted Funds	Restricted Funds	Total Funds	<i>Total Funds</i>
Note	2008	2008	2008	2007
	£	£	£	£
INCOMING RESOURCES				
Incoming resources from generated funds:				
Gift in kind	9,855	-	9,855	24,130
Voluntary income	2 198,767	37,450	236,217	178,584
Bank interest receivable	104	-	104	442
Other incoming resources	127	-	127	-
TOTAL INCOMING RESOURCES	208,853	37,450	246,303	203,156
RESOURCES EXPENDED				
Charitable activities:				
Donations to projects	3 122,028	32,211	154,239	91,598
Other charitable expenditure	4 76,850	45,000	121,850	62,606
Accountants' fees - annual accounts	2,300	-	2,300	1,692
TOTAL RESOURCES EXPENDED	201,178	77,211	278,389	155,896
NET MOVEMENT IN FUNDS	7,675	(39,761)	(32,086)	47,260
TOTAL FUNDS AT 1 JANUARY 2008	5,194	48,871	54,065	6,805
TOTAL FUNDS AT 31 DECEMBER 2008	£ 12,869	£ 9,110	£ 21,979	£ 54,065

The annexed notes form part of these financial statements

ALFANAR**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Notes	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		298		397
CURRENT ASSETS					
Debtors	7	9,867		5,040	
Cash at bank and in hand		<u>38,601</u>		<u>50,997</u>	
		48,468		56,037	
CREDITORS: amounts falling due within one year	8	(26,787)		(2,369)	
NET CURRENT ASSETS			<u>21,681</u>		<u>53,668</u>
NET ASSETS			<u>£ 21,979</u>		<u>£ 54,065</u>
FUNDS					
Restricted funds	9		9,110		48,871
General fund	9		12,869		5,194
			<u>£ 21,979</u>		<u>£ 54,065</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 (effective January 2007). They were approved and authorised for issue by the Board of Trustees on 5 June 2009 and signed on its behalf by:-

JULIA MIDDLETON, Trustee

The annexed notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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 2007).

The effects of events relating to the year ended 31 December 2008 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 2008 and the results for the year ended on that date.

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.

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.

Resources expended

All expenditure is accounted for on an accruals basis.

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 on the following rates:

Office equipment	-	25% of net book value
------------------	---	-----------------------

All assets costing more than £250 are capitalised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

2. VOLUNTARY INCOME - DONATIONS	Unrestricted Funds 2008 £	Restricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Tarek Ben Halim	118,615	-	118,615	52,963
Tarek Ben Halim - Gifts in kind	9,855	-	9,855	24,130
Goldman Sachs	2,885	-	2,885	-
Alfanar Inc USA	19,165	-	19,165	-
Maher Maksoud	-	10,700	10,700	-
Shell EP International	-	-	-	25,394
The Kingdom Foundation	-	-	-	64,527
Ireland Fund of Great Britain	-	-	-	15,300
Golden Bottle Trust	-	-	-	1,000
Ahmed Heikal	-	26,750	26,750	-
Westminster Foundation for Democracy	-	-	-	8,759
Other donations	58,102	-	58,102	10,641
	£ 208,622	£ 37,450	£ 246,072	£ 202,714

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

3. PROJECT DONATIONS	2008 £	<i>2007 £</i>
EI Nafeza Foundation for Cultural Development	16,762	13,480
Wadi El Nil Association for the Protection of Quarry Workers	27,370	15,656
Information and Technology Support	34,860	31,463
Future Lights for Development Organisation	20,399	8,954
Helwan Association for Community Development (Bashayer)	29,126	22,045
Egyptian Association for Social and Economic Rights (T Centre)	25,722	-
	£ 154,239	£ 91,598

The EI Nafeza Foundation for Cultural Development runs a learning centre and workshop to teach the crafts of papermaking, together with glass, pottery and metal work, and to provide income-generating opportunities to women and people with disabilities.

Wadi El Nil Association for the Protection of Quarry Workers has set up a programme in Upper Egypt which aims to enable families to generate an alternative income to that earned by their children working in local limestone quarries, and to tackle the issues of child labour in this hazardous sector more widely.

The Information and Technology Support project has set up a website providing free access to information on issues of public interest, sorted using a rights-based classification. It generates fees through client tailored research and service provision.

The Future Lights for Development Organisation trains nursery supervisors and helpers at day care centres in very poor districts of Cairo using the Montessori method of early childhood education, enabling a more effective learning environment.

The Helwan Association for Community Development (Bashayer) acts as a community hub in Helwan, through which women can obtain a source of income, together with a health and health outreach service, and other essential services such as literacy and support to the victims of domestic violence.

The Egyptian Association for Economic and Social Rights has established the T Centre, working with the pottery community Al Fustat district and providing them with access to environmentally friendly kilns, training, marketing and legal support.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

4. OTHER CHARITABLE EXPENDITURE

	Unrestricted Funds 2008 £	Restricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Staffing costs (note 5)	44,118	40,000	84,118	34,021
Bank charges & interest	1,818	-	1,818	872
Staff training and recruitment	-	-	-	3,607
Secretarial support	4,638	-	4,638	4,058
Project evaluation	3,419	-	3,419	2,363
Rent - Cairo office	5,037	-	5,037	2,923
Rent - London office	5,000	-	5,000	5,000
Other expenses	2,304	-	2,304	6,281
Travel & accomodation expenses	4,840	-	4,840	-
Publicity & promotion	1,094	3,627	4,721	-
Website	910	1,373	2,283	-
Insurance	812	-	812	-
Accountants' fees - other	864	-	864	-
Depreciation	99	-	99	132
(Profit) on exchange	(5,793)	-	(5,793)	-
Legal and professional fees	7,690	-	7,690	3,349
	<u>£ 76,850</u>	<u>£ 45,000</u>	<u>£ 121,850</u>	<u>£ 62,606</u>

5. TRUSTEES AND STAFF

	2008 £	<i>2007 £</i>
Gross salaries	45,833	-
Social security costs	5,332	-
Salaries of overseas staff	31,133	34,021
Other overseas staff costs	1,820	-
	<u>£ 84,118</u>	<u>£ 34,021</u>

The Company employed 3 full time staff in the period (2007 : 2).

No employee received remuneration of more than £60,000.

The Trustees received no remuneration nor the reimbursement of expenses.

6. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 January 2008 and at 31 December 2008	<u>940</u>
Depreciation	
At 1 January 2008	543
Charge for the year	99
At 31 December 2008	<u>642</u>
Net book value	
At 31 December 2008	<u>£ 298</u>
At 31 December 2007	<u>£ 397</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

7. DEBTORS	2008	2007
Due within one year	£	£
Donations due	8,151	5,040
Sundry debtors	1,716	-
	<u>£ 9,867</u>	<u>£ 5,040</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008	2007
	£	£
Project payments	15,500	-
Social security and other taxes	1,466	-
Other creditors	3,176	-
Accruals	6,645	2,369
	<u>£ 26,787</u>	<u>£ 2,369</u>

9. STATEMENT OF FUNDS	Brought Forward	Incoming Resources	Resources Expended	Carried Forward
	£	£	£	£
RESTRICTED FUNDS				
The Kingdom Foundation	48,871	-	(48,871)	-
Project donations	-	37,450	(28,340)	9,110
	<u>£ 48,871</u>	<u>£ 37,450</u>	<u>£ (77,211)</u>	<u>£ 9,110</u>

Project donations relate to monies which were received from two donors in Egypt with the condition of being expended on project costs.

The grant brought forward from the Kingdom Foundation was expended in the year, in accordance with the grant agreement, on Chief Executive costs (£40,000), marketing costs (£5,000) and the balance (£3,871) on the Wadi El Nil Association project.

SUMMARY OF FUNDS	£	£	£	£
General Funds	5,194	208,853	(201,178)	12,869
Restricted Funds	48,871	37,450	(77,211)	9,110
	<u>£ 54,065</u>	<u>£ 246,303</u>	<u>£ (278,389)</u>	<u>£ 21,979</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Restricted Funds	Total Funds	Total Funds
	2008	2008	2008	2007
	£	£	£	£
Tangible fixed assets	298		298	397
Current assets	39,358	9,110	48,468	56,037
Creditors due within one year	(26,787)		(26,787)	(2,369)
	<u>£ 12,869</u>	<u>£ 9,110</u>	<u>£ 21,979</u>	<u>£ 54,065</u>

11. RELATED PARTIES

Mr Tarek Ben Halim, a Trustee of the Charity, paid £9,855 (2007 : £24,130) for London office rent and secretarial support costs.