

ALFANAR

(Company limited by guarantee no. 5141908

Registered charity no. 1105048)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

ALFANAR

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

	Page
Legal & Administrative Details	1
Trustees' Report	2 - 10
Independent Auditor's Report	11 - 12
Statement of financial activities	13
Balance sheet	14
Notes to the financial statements	15 - 24

ALFANAR

LEGAL AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 DECEMBER 2014

Trustees	Lubna S. Olayan Amjad Bseisu Hakeem Belo-Osagie Charlotte Boyle Julia Middleton Cynthia J. Oakes Lady Plumbly	(Chair)
Committees		
<i>Programmes & Investments</i>	Julia Middleton Hakeem Belo-Osagie Matthew Courey Mark Huang Dr. Barbara Ibrahim Dr. Mona Mourshed Lady Plumbly	(Chair)
<i>Finance</i>	Charlotte Boyle Serene Al-Shirawi Sherif Elkholy	(Chair)
<i>Fundraising & Communications</i>	Cynthia J. Oakes Rabih Hage Amanda Scott	(Chair)
Company secretary	Gabriele Baur	(To 26 June 2014)
Executive director, UK	Myrna Atalla Jo Ensor	(Interim, to 31 May 2014)
Company reg. no.	5141908	
Charity reg. no.	1105048	
Registered office	38 Artillery Lane London E1 7LS	
Bankers	C. Hoare & Co 37 Fleet Street London EC4P 4DQ	
Auditors	Mazars LLP Sixth Floor, Times House Throwley Way Sutton SM1 4JQ	
Accountants	JS2 Limited One Crown Square Woking Surrey GU21 6HR	
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG	

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014. 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 documents and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

Objectives and Activities

What we do

Alfanar was founded in 2004 by Tarek Ben Halim after a career in investment banking. He wanted to contribute to the economic and social development of the Arab world, but he wanted that contribution to have the financial rigour and results-orientated approach that he had used during his years in finance. He set out to challenge the culture of donor dependence among social purpose organisations and to use Alfanar to promote resilience and social change in the region.

Alfanar is the Arab region's first venture philanthropy organisation. We invest in ambitious grassroots organisations that are working against the odds to give the poor and vulnerable a chance to realise their potential. We provide tailored technical and financial support to our investees in the Arab region, helping them achieve lasting social change in their communities.

Alfanar celebrated its tenth anniversary in 2014, investing in 18 social purpose organisations in Egypt and Lebanon over this period. Our investment has directly impacted over 22,000 lives and helped strengthen the ability of our investees to sustain their social purpose activities through self-generated income. Due to security concerns, we have delayed our social investments in Libya.

As stated in Alfanar's Memorandum and Articles of Association, the Charity's objects are:

- 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.

Vision Statement

Alfanar envisions an Arab world in which the poor and vulnerable, especially women and children, are able to access the education and opportunity they need to lead productive and dignified lives.

Mission Statement

At Alfanar, we believe that self-reliance and income generation are critical to achieving lasting social impact. We employ an approach to social change known as venture philanthropy. Our mission is to help local social enterprises in the Arab region improve the lives of more people while increasing their financial sustainability by offering a combination of grants and tailored management support, particularly around social impact, financial management and business planning.

We give special – but not exclusive – focus to investments that improve children's education and women's economic empowerment due to their long-term impact and multiplier effect.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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, most recently updated on 10 July 2013.

Alfanar's Board of Trustees has overall responsibility for ensuring Alfanar has an appropriate system of controls, financial and otherwise. It is responsible for keeping proper accounting records, which explain the transactions, disclose the financial position and comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charity and for taking reasonable steps to detect and prevent fraud and other irregularities.

Alfanar has a risk register which identifies the major risks to the Charity. This register is regularly updated and activities put in place to mitigate risks. This is reviewed by the Trustees quarterly.

Alfanar's Board has established three sub-committees – Programmes and Investments, Finance, and Fundraising and Communications – in order to create areas of efficiency and expertise at the governance level. Each sub-committee is chaired by an Alfanar Trustee and is composed of a mixture of Trustees and external subject experts.

The Board regularly assesses its skills and capacities, identifying areas in need of development. Through its extensive network, it aims to add at least one new Trustee in 2015 in line with its assessment. Shortly after appointment, a new Trustee has an induction meeting with the Executive Director and meets the Alfanar team members. The Board will endeavour to hold at least one Board meeting in either Egypt or Lebanon every other year to ensure that Trustees meet in-country team members and witness Alfanar's venture philanthropy process and investments firsthand. The Executive Director, the Finance Director and the Investment Director regularly update the Board on venture philanthropy industry developments to ensure that Alfanar's investment approach remains in line with best practice.

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

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

- **UK:** Alfanar possesses a head office in London, which employed three staff members as of December 2014.
- **Egypt:** Alfanar operates a registered branch in Egypt (number 67/2011; expiry May 2015). Alfanar's registration in Egypt must be renewed every four years. Alfanar began the registration renewal process in May 2014. Alfanar is up to date on all filings, reports and follow-up correspondence with the Egyptian Ministries of Social Solidarity and International Cooperation. We understand that renewal of this branch is imminent, although the timing of this is subject to the decision of the Egyptian authorities. The transactions of this branch are included in these financial statements. Alfanar in Egypt is headed by a Country Director. In 2014, Alfanar in Egypt also employed a Programme Officer and a Programme Assistant.
- **Lebanon:** Alfanar in Lebanon (registration number 907) is an independent affiliate of the UK registered charity, which has not been activated yet. Income and expenditure in respect of Lebanon are included in these accounts. Alfanar in Lebanon is headed by a Country Director.
- **Libya:** Alfanar in Libya (registration number 1651) is an independent affiliate of the UK registered charity. Due to security issues, Alfanar activity in Libya is currently suspended.
- **USA:** Alfanar, Inc., US is an affiliated 501 (c)(3) not for profit entity (EIN-75-31970321) that actively supports Alfanar's mission through grants and is striving to increase public support. Its transactions are not included in these financial statements. Rather, they are independently reported to the US Internal Revenue Service and the states of Massachusetts and New York.

Alfanar is supported regularly by interns, volunteers and pro-bono advisors across its offices, branches and affiliates, who generously help strengthen and further Alfanar's venture philanthropy work, fundraising and communications.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Review of 2014

Objective 1: To provide funding (grants and zero-interest repayable grants) 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.

In 2014, Alfanar supported eight social purpose organisations in Egypt and Lebanon with a mixture of grants and technical assistance, enabling them to enhance their impact on women and children, and achieve greater financial sustainability. In 2014, these investments positively impacted the lives of 4,983 women and 1,934 children.

Overview of Alfanar's Venture Philanthropy Portfolio in 2014

Investing in Women's Economic Empowerment

Alfanar has invested in the following social purpose organisations working on women's economic empowerment in Egypt and Lebanon:

Egypt

The Helwan Association for Community Development (Bashayer)

Economic empowerment through handmade textile production in Helwan

Since 2007, Alfanar has invested in Bashayer, which provides economic and social support to women in Helwan, an impoverished industrial district outside Cairo. Bashayer runs a crochet and sewing production unit, which in 2014 employed 116 women, 39% of whom were trained and employed for the first time by Bashayer. In 2014, Alfanar gave Bashayer technical assistance around cost accounting, quality control, inventory management, product design, sewing skills and marketing. Alfanar thanks Six of October Development and Investment (SODIC) for its support to Bashayer, which has enabled its production unit to consistently recover its costs and achieve financial sustainability.

The Shomoo Association for Sustainable Development (Shomoo)

Psychosocial support and economic empowerment for victims of domestic violence in Minya

Since 2012, Alfanar has supported Shomoo (meaning 'candles' in Arabic) to develop and professionalise a multi-faceted psychosocial support programme aimed at combating domestic violence and promoting gender equality in 42 villages in Minya through literacy, awareness-raising and counselling services. Alfanar's investment has also enabled Shomoo to run a vocational training and microloan programme that further develops the resilience of female beneficiaries. In 2014, Alfanar conducted a financial audit before progressing with additional investment, which resulted in a number of recommended steps to further improve Shomoo's financial management systems, which Alfanar helped the organisation successfully implement. This critical capacity-building work has helped Shomoo develop a strong platform from which to expand its work. To date, with funding from SODIC, Shomoo has impacted the lives of 3,905 women.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Future Eve Foundation (FEF)

Economic empowerment for widows and female heads of household in Minya and Beni Suef

Widows and female breadwinners head an estimated 40% of Egyptian households. This number rises to 57% in slum areas. Without the requisite support, skills and training, widows often suffer a life of economic disenfranchisement and extreme poverty. Since 2012, Alfano has invested in FEF's Amal (meaning 'hope' in Arabic) Project, which has provided vocational and financial literacy training along with microloans and widow-to-widow social lending groups to 5,547 widows in 21 villages and four urban slums in Minya and Beni Suef. The Amal Project equips widows with the skills, resources and support needed to establish microenterprises, and in turn generate the income they need to sustain themselves and their families. Widows with access to Amal loans have established or grown 2,108 retail businesses, 1,494 meat production ventures and 73 service enterprises.

The Amal Project creates a lasting link among its beneficiaries by encouraging every widow to take an oath to support another widow on the journey to self-reliance once she is able to stand on her own feet. As well as training and financing, the Amal Project in 2014 provided leadership and advocacy training to 231 widow leaders, developed five videos documenting success stories, and analysed the data collected as a result of this investment in order to share it more widely through an online portal. In 2015, the Amal Project will provide larger second-round loans to widows who have been successful in setting up a microenterprise through a first loan. Alfano will also seed its first cross-border investment by piloting the Amal Project in Lebanon with The Women's Program Association in the Burj al Barajneh Palestinian refugee camp. Alfano thanks UK Aid and The Global Fund for Widows for their support to FEF.

Lebanon

The Women's Program Association (WPA)

Empowering women refugees through a catering unit and microloans

Women and children account for 74% of the refugees in Lebanon's 12 Palestinian refugee camps. With unemployment in Lebanon's Palestinian camps as high as 90%, many women, especially those who are sole breadwinners, struggle to provide for their families. Since 2013, Alfano has worked with WPA in the Burj al-Barajneh Palestinian refugee camp in Beirut to establish a catering unit that trains and employs 35 women from the camp. Alfano funding has enabled WPA to rebrand its unit as Soufra (meaning 'dining table' in Arabic), which has already started to recover its operating costs. In 2015, Alfano will help WPA develop a business plan and strengthen its offering to be competitive within the Lebanese market. Alfano will also provide WPA with seed funding to pilot the Amal Project (see above) with widows and female breadwinners in the camp. This investment is funded through a mixture of unrestricted and restricted support.

Investing in Children's Education

Alfano has invested in the following social purpose organisations working in children's education in Egypt and Lebanon:

Egypt

Future Lights for Development Organisation (FLDO)

Early learning in Cairo's slum areas

Alfano has enabled the FLDO in Cairo to establish a Montessori-style nursery school in Deir el-Malak. It has not only grown enrolment in this nursery school by 125% and achieved financial sustainability, but also created a training hub for other nurseries operating in slum areas. In 2014, Alfano funding enabled FLDO to consolidate all of its training for principals, teachers, assistants and parents into expert-reviewed manuals. Additionally, an external evaluation conducted by Cairo University established that FLDO's training leads to statistically significant improvements in children's cognitive development as well as teacher understanding and skill. Building on this evaluation, Alfano helped FLDO develop a three-year business plan with clear breakeven horizons. Finally, Alfano conducted financial audits in 2014, which identified areas of financial management and internal control in need of strengthening before further Alfano investment is pursued. Alfano thanks SODIC and The Global Fund for Children for their support of FLDO, which has enabled it to train 29 nurserys on its comprehensive curriculum, reaching 3,500 children and 1,650 principals, teachers, assistants and parents.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Bedayaat Foundation (Bedayaat)

Basic education for working children in Minya's slums

Since 2011, Alfanar has supported Bedayaat (meaning 'beginnings' in Arabic) to set up and formalise a children's learning and recreation centre within Minya city's Badawi Shelters, an extremely impoverished area of public housing just outside the city. The shelters house a large number of children in need, the majority of whom rarely receive formal schooling and spend their days selling trinkets in the street. Bedayaat's centre provides a safe space where both boys and girls are able to attend literacy and numeracy classes as well as extracurricular arts and sports classes on a regular and flexible basis. In addition to educating children, the centre has begun to address the community's health needs. In 2014, Bedayaat benefited 427 community members, including 100 children through its school curriculum and 260 children through creative and artistic classes like painting, photography, theatre, singing, drawing, crochet, soap and candle-making. Additionally, Alfanar's support enabled Bedayaat to set up a weaving unit within the centre to provide local women with work opportunities. Finally, Alfanar conducted a financial audit, which identified areas in need of strengthening ahead of further Alfanar investment. SODIC support this investment.

Educate-Me

Education and character development for children in Cairo's slums

In late 2014, Alfanar approved investment in Educate-Me. Educate-Me runs early learning and tutorial services for children in Talbeya, one of Cairo's slum areas. In addition to traditional subjects, Educate-Me has developed an approach to character-building, which is integrated across its work and is highly correlated with adulthood success. Alfanar will work with Educate-Me to consolidate its early learning curriculum, strengthen its monitoring and evaluation, and establish a training arm to ensure longer-term financial sustainability. This investment, which will impact 175 children, is supported by SODIC.

Lebanon

Ana Aqraa' Association

Literacy support for disadvantaged children and Syrian refugees across Lebanon

Ana Aqraa' (meaning 'I can read' in Arabic) encourages lifelong learning among high-risk children in Lebanon by strengthening their literacy skills and helping them stay in school. With Alfanar funding since 2012, Ana Aqraa' has consolidated its literacy training for educators into five modules that have been expert-reviewed and printed into manuals. Alfanar has enabled Ana Aqraa' to send one of its trainers to Columbia University in New York City to receive training on the balanced literacy approach. Ana Aqraa' has been able to further refine its training tools through application with Syrian refugee children in Lebanon. Additionally, Ana Aqraa' was able to secure its first paid contract for teacher training services. Alfanar has also worked with Ana Aqraa' to develop its long-term business plan, which aims to increase the organisation's ability to secure paying clients. Alfanar supports this investment through unrestricted funding.

Supporting Investee Learning

Study Mission

Visiting successful, sustainable education enterprises in Bangalore, India

In December 2014, Alfanar embarked on its first ever study mission, taking two investees, FLDO from Egypt and Ana Aqraa' from Lebanon, to Bangalore, India. The trip introduced Alfanar, FLDO and Ana Aqraa' to Indian NGOs working in education, including the innovative Hippocampus Learning Centre (HLC), which has developed a scalable early learning venture. The interaction with other education social enterprises successfully working in a different but equally difficult environment inspired Alfanar's investees to adapt and structure their own models for sustainability and growth. Alfanar ran business planning exercises with FLDO and Ana Aqraa' following the study mission to build on lessons learned. The study mission was made possible through restricted funding.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Exiting Investments

Alfanar maintains contact with exited investees to keep track of their progress post-exit and to support them with referrals and networking opportunities when appropriate.

The Nawaya Network

Mentoring for youth at risk in Lebanon

Founded in 2011, Nawaya (meaning 'Intentions' in Arabic) matches underprivileged and at-risk youth in Lebanon with positive adult mentors who can coach and support them to achieve their long-term goals. With Alfanar's support, the Nawaya Network was able to enrol 40 mentors and 50 mentees into its programme and create 25 successful matches. Alfanar also helped Nawaya refine its vision and operational structure and complete a business planning exercise.

Al Mawred Al Thaqafy (Al Mawred)

Arts education and vocational training for children in El Darb El Ahmar, Cairo

Through Alfanar's support, Al Mawred Al Thaqafy (meaning 'culture resource' in Arabic) established the Darb el Ahmar Arts School for Children (DAAS) in 2011 in a neighbourhood that suffers from high levels of child labour. DAAS's two-year certificate programme provides vocational training in brass, percussion, and circus arts for nearly 150 children. DAAS also provides extracurricular classes, psychosocial and medical care to all students. In 2014, Alfanar funding enabled DAAS to create a professional, income-generating performance troupe composed of 50 students. The performance funded by Alfanar called 'Lost and Found' has been performed in Egypt, Kuwait and Lebanon and has enabled DAAS to recover 56% of its costs. This investment was supported by SODIC.

Objective 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.

Alfanar aims to balance its venture philanthropy portfolio to include 25% start-ups, 50% developing social enterprises, and 25% established organisations. This spread mitigates the risks associated with backing start-ups while ensuring that Alfanar remains open to new ventures and ideas that are developing. Through a mixture of calls for proposals and active searching, Alfanar was able to achieve this portfolio spread in 2014.

Furthermore, Alfanar approved its 2015-2018 business plan in November 2014, which clarifies the organisation's technical assistance offering to aspiring social enterprises. In 2015, Alfanar will consolidate its training programme into online and in-person modules on social impact, financial management, organisational development, business planning, commercialisation and replication. By formalising the content and application of its management support, Alfanar hopes to provide its investees, at different stages, with the tailored support they need to achieve growth and sustainability. Additionally, Alfanar hopes to make these tools accessible to the growing number of aspiring social enterprises across the Arab region.

Objective 3: Develop social enterprise models of best practice that we will replicate and share in the Arab world.

Since 2012, Alfanar has invested in FEF's Amal project in Egypt. The Amal project has empowered 5,547 widows and female heads of household in Minya and Beni Suef, enabling them to support themselves and their families through a mixture of financial literacy and vocational training, microloans and social funds. In 2015, Alfanar will provide WPA with seed funding to pilot the Amal Project with widows and female breadwinners in the Burj al-Barajneh Palestinian refugee camp in Lebanon. WPA will travel to Egypt to be trained directly by FEF on how to implement and adapt the programme to the Lebanese context. Additionally, data collection in both geographies will enable Alfanar, FEF and WPA to clarify the model and its replicability. This represents Alfanar's first cross-border replication.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Objective 4: As the Arab world's first venture philanthropy organisation, actively promote venture philanthropy and partnerships in the Arab world through communications and events.

In 2014, Alfanar strengthened its profile as a thought leader on venture philanthropy. In April, Alfanar's Executive Director was invited to speak at The Global Philanthropy Forum Conference in San Francisco on the topic of 'Meeting the Universal Yearning for Dignity: The Case of the MENA Region'. This panel discussion is available for view online.

In September, *The Arab Banker* published an interview about Alfanar's venture philanthropy work and its distinctive social investment model in September 2014.

In November, Alfanar's Lebanon Country Director Teresa Chahine spoke at the Emirates Foundation's annual conference on venture philanthropy, during which she discussed lessons learned by social entrepreneurs through challenge and obstacle, including failure.

Over the course of 2014, Alfanar strengthened its social media presence, communicating news about its investments more regularly as well as increasing wider engagement through Alfanar's blog, Facebook, and Twitter.

Objective 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.

In 2014, Alfanar achieved an income of £806K. This represents a 12% increase on Alfanar's 2013 income. Alfanar maintained a healthy spread of donor income, with contributions from Board members, including in-kind donations (36%), institutional donors [UK Aid and Global Fund for Children] (26%), the tenth anniversary dinner (18%), corporate donors (13%) and other individuals (7%). Over the coming three years, Alfanar strives to further diversify its spread of support and to begin raising funds through new sources of income.

Alfanar held a tenth anniversary dinner in March 2014, which raised £143K in unrestricted support for the organisation's venture philanthropy work. Soon after the dinner, the vendor who ran the silent auction during the event went into liquidation while holding part of the charity's funds. A group of compassionate donors came together and there were no losses to Alfanar. A significant amount of time was spent working to resolve this issue, shifting energies away from other activities, including fundraising. Additionally, protracted vacancies within the organisation's fundraising and communications functions slowed progress towards the 2014 target.

Fundraising remains challenging. The Board is committed to actively building up and investing in Alfanar's infrastructure, operations and human resources over the coming three years to ensure organisational resilience. In November, Alfanar's Board passed a new 2015-2018 business plan, which dedicates the resources needed to grow and strengthen Alfanar's team to achieve clear investment, income and infrastructure targets. This investment in the organisation should enable Alfanar to effectively and sustainably grow and diversify its income while reaching more communities in need across the Arab world.

Financial Review

Income for the year was £806k (2013: £721K) an increase of 12% over 2013.

The Board with contributions £291K (2013: £213K) covered the Charity's overhead costs in 2014 enabling additional donations to support Alfanar's grants and technical assistance to investees.

The trustees appreciate the invaluable support from other individuals amounting to £54K (2013: £122K), which is lower than in the previous year because of one large donation received in 2013 to support its work in Minya, Egypt. Alfanar, Inc., US remains an important source of income although as a result of income receipt timing this was lower than in the previous year, 2014: £2K, (2013: £93K).

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

A further major source of income was the tenth anniversary dinner, generating £143K. This built on the success of a dinner held in 2012, nearly doubling income raised through Alfanar's dinner. There are plans to hold another dinner in 2015.

Alfanar continued to receive substantial support from institutional donors, notably UK Aid, £194K and corporate donors, notably SODIC, £108K.

In 2014, resources expended rose to £679K (2013: £586K), an increase of 16% of which grants to investees, or 'investments', grew by 32% to £344K (2013: £261k). Charitable expenditure staff costs of £192K include the costs of providing technical assistance to investees. The cost of generating funds was £80K (2013: £76K), representing 11.8% of total expenditure (2013: 13%) and 9.9% of income (2013: 10.5%).

At 31 December 2014 reserves totalled £528K, of which £130K represented restricted funds and £397K represented unrestricted funds. Unrestricted funds represented 8.5 months of operating costs. This is in line with Alfanar's recommended reserves policy of 6 months of operating costs, plus some additional funds to finance programme activities not covered by restricted income.

Alfanar extends its 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 and Lebanon.

For more details on our donors, please see our website: www.alfanar.org.

Future Plans

In 2014, Alfanar reviewed its ten-year track record before setting future goals, targets and strategies for impact and growth. Alfanar's Board passed the organisation's 2015-2018 business plan in November, which aims to significantly increase Alfanar's impact over the period of the plan. The Trustees have decided to invest in the organisation's infrastructure, operations and human resources in order to build a strong and sustainable platform that enables sustainable growth of impact and income.

This commitment to organisational investment will begin in 2015 with a focus on strengthening the organisation's human resources in three key areas – social investments, finance and fundraising.

Alfanar's objectives for 2015 include:

- 1) maintaining and further diversifying a portfolio of social investments in Egypt and in Lebanon;
- 2) consolidating Alfanar's investment cycle and technical assistance offering, rendering parts online to allow a broad spectrum of social enterprises in the Arab region to access support;
- 3) promoting venture philanthropy and social entrepreneurship within the Arab world through active communications and event participation;
- 4) growing income and diversifying streams of revenue; and
- 5) strengthening Alfanar's infrastructure, operations and human resources to enable sustainable growth.

ALFANAR

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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.

In preparing these financial statements the Board of Trustees has:

- 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.
- Prepared the financial statements on a going concern basis.
- Each of the Trustees has confirmed that so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware, and that they have taken all the steps that they individually ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

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 'Objectives and Activities' above.

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, Mazars LLP 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: 23/01/15

ALFANAR

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Alfanar for the year ended 31 December 2014 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10 the Trustees (who are also the directors of the charity 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 (APB's) Ethical Standards for Auditors. This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2014 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

ALFANAR

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 Trustees 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 Trustees' Report.

N S Wakefield

Nicola Wakefield (Senior Statutory Auditor)
For and on behalf of Mazars LLP

Chartered Accountants & Statutory Auditor
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: *29th September 2015*

ALFANAR

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	323,057	22,000	345,057	335,553
Activities for generating funds	2	143,264	-	143,264	6,828
Income from charitable activities	2	11,517	305,591	317,108	378,635
Other incoming resources	2	503	-	503	386
TOTAL INCOMING RESOURCES		478,341	327,591	805,932	721,403
RESOURCES EXPENDED					
Costs of generating funds	3	79,818	-	79,818	76,360
Charitable expenditure	3	261,712	312,306	574,018	490,222
Governance costs	3	24,669	-	24,669	19,308
TOTAL RESOURCES EXPENDED		366,199	312,306	678,505	585,890
NET MOVEMENT IN FUNDS BEFORE TRANSFERS		112,142	15,285	127,427	135,513
TRANSFERS BETWEEN FUNDS	10	46,816	(46,816)	-	-
NET MOVEMENT IN FUNDS, BEING NET INCOME FOR THE YEAR	6	158,958	(31,531)	127,427	135,513
TOTAL FUNDS AT 1 JANUARY 2014		238,314	161,884	400,198	264,685
TOTAL FUNDS AT 31 DECEMBER 2014		397,272	130,353	527,625	400,198

The annexed notes form part of these financial statements

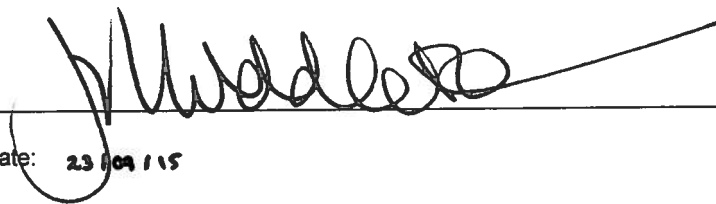
ALFANAR

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		2,181		2,908
CURRENT ASSETS					
Debtors	8	74,890		128,462	
Cash at bank and in hand		482,402		394,468	
		<u>557,292</u>		<u>522,930</u>	
Creditors: amounts falling due within one year	9	(31,848)		(125,640)	
NET CURRENT ASSETS			<u>525,444</u>		<u>397,290</u>
NET ASSETS			<u>527,625</u>		<u>400,198</u>
FUNDS					
Restricted funds	10		130,353		161,884
Unrestricted funds	10				
Designated funds		17,002		17,729	
General fund		<u>380,270</u>	<u>397,272</u>	<u>220,585</u>	<u>238,314</u>
			<u>527,625</u>		<u>400,198</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 and signed on their behalf by:-



JULIA MIDDLETON, Trustee

Date: 23/01/15

The annexed notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014 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 2014 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.

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	12%
Charitable expenditure	84%
Governance costs	4%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. Accounting Policies (Continued)

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.

Investment payable

Investments payable are reflected in the accounts at the point at which they are approved by the Board and communicated to the investee before the year-end.

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
------------------	---	-----------------------

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 2014**

2. INCOMING RESOURCES

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
VOLUNTARY INCOME - donations from individuals				
Board	290,841	-	290,841	213,279
Other individuals	32,216	22,000	54,216	122,274
TOTAL VOLUNTARY INCOME	323,057	22,000	345,057	335,553
ACTIVITIES FOR GENERATING FUNDS				
10th Anniversary dinner	143,264	-	143,264	-
Concerts and other activities	-	-	-	6,828
	143,264	-	143,264	6,828
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
UK Aid	-	194,002	194,002	158,551
Global Fund for Children	-	12,108	12,108	12,685
Six of October Development and Investment (SODIC)	10,517	97,871	108,388	114,368
Alfanar, Inc., US	-	1,610	1,610	93,031
Other	1,000	-	1,000	-
	11,517	305,591	317,108	378,635
OTHER INCOMING RESOURCES	503	-	503	386
TOTAL INCOMING RESOURCES	478,341	327,591	805,932	721,403

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. RESOURCES EXPENDED

	Costs of Generating Funds 2014 £	Charitable Expenditure 2014 £	Governance Costs 2014 £	Total Expenditure 2014 £	<i>Total Expenditure 2013 £</i>
DIRECT COSTS					
Fundraising costs	42,340	-	-	42,340	-
Audit	-	-	9,150	9,150	6,660
Study mission	-	5,007	-	5,007	-
Investments (See note 4)	-	344,334	-	344,334	260,672
Staff costs (See note 5)	31,485	192,211	4,115	227,811	238,320
Other Direct Costs	-	7,337	-	7,337	15,910
	73,825	548,889	13,265	635,979	521,562
SUPPORT COSTS					
Accounting, payroll and compliance	1,764	7,396	3,357	12,517	12,516
Rent	2,239	9,390	4,261	15,890	15,108
Organisational Planning	1,198	5,023	2,280	8,501	-
Other	792	3,320	1,506	5,618	36,704
	5,993	25,129	11,404	42,526	64,328
2014 total	79,818	574,018	24,669	678,505	585,890
<i>2013 total</i>	<i>76,360</i>	<i>490,222</i>	<i>19,308</i>	<i>585,890</i>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. INVESTMENTS PAYABLE	2014	2013
	£	£
Investment awards brought forward	77,752	37,549
Awarded in year (see below)	344,334	260,672
Paid in year	(408,171)	(220,469)
	13,915	77,752
INVESTMENTS AWARDED IN YEAR		
	2014	2013
	£	£
EGYPT		
Al Mawred Al Thaqafy (Al Mawred)	11,044	-
Bedayaat Foundation (Bedayaat)	8,711	13,161
Future Lights for Development Organisation (FLDO)	62,684	32,392
Helwan Association for Community Development (Bashayer)	16,001	4,891
Masr el Mahrousa Balady Association (MMBA)	-	7,227
Shomoo Association for Sustainable Development (Shomoo)	(269)	5,993
Future Eve Foundation	179,715	142,407
Educate Me	13,915	-
LEBANON		
Ana Aqraa' Association	6,631	516
Nawaya Network	3,841	14,690
Women's Program Association (WPA)	42,061	13,292
LIBYA		
Future Lights for Development Organisation (FLDO)	-	(10,031)
Alfanar Libya	-	36,134
	344,334	260,672

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

5. STAFF COSTS

	2014	2013
	£	£
Gross salaries	166,959	196,373
Social security costs	9,509	15,435
Salaries of overseas staff	39,534	15,931
Other overseas staff costs	11,809	10,581
	<u>227,811</u>	<u>238,320</u>

7.88 full time staff equivalents were employed by the Charity in the year (2013: 6.27)

Staff costs were lower in 2014 despite an increase in the number of full time staff equivalents. This was because there were maternity cover costs in 2013; the increase in staff reflects some more junior appointments and a lower proportion of staff were based in the UK.

No employee received remuneration above £60,000 in the year (2013: No employee received remuneration above £60,000 in the year).

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

6. NET MOVEMENT IN FUNDS

This is stated after charging:

	2014	2013
	£	£
Auditors' remuneration: audit (including VAT)	9,150	6,660
Depreciation	727	725
Operating lease rentals: property	<u>15,890</u>	<u>15,108</u>

ALFANAR**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****7. TANGIBLE FIXED ASSETS - Office equipment**

	£
Cost	
At 1 January 2014	4,517
Additions in the year	-
At 31 December 2014	<u>4,517</u>
Depreciation	
At 1 January 2014	1,609
Charge for the year	727
At 31 December 2014	<u>2,336</u>
Net book value	
At 31 December 2014	<u>2,181</u>
At 31 December 2013	<u>2,908</u>

	2014	2013
	£	£
8. DEBTORS		
Due within one year		
Incoming resources from charitable activities	73,567	127,181
Prepayments	1,323	1,281
	<u>74,890</u>	<u>128,462</u>

	2014	2013
	£	£
9. CREDITORS		
Due within one year		
Trade creditors	3,680	1,518
Investments to projects	13,915	77,752
Taxation	4,094	992
Deferred Income	-	37,000
Accruals	10,159	8,378
	<u>31,848</u>	<u>125,640</u>
Deferred income brought forward	37,000	-
Released in the year	(37,000)	-
Incoming resources deferred in the current year	-	37,000
Deferred Income carried forward	-	<u>37,000</u>

ALFANAR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. STATEMENT OF TOTAL FUNDS	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
RESTRICTED FUNDS					
Al Mawred Al Thaqafy (Al Mawred)	18,528	-	(10,966)	(7,562)	-
Bedayaat Foundation (Bedayaat)	-	16,136	(8,169)	(7,967)	-
Future Eve Foundation (FEF)	-	195,613	(197,507)	1,894	-
Future Lights for Development Organisation (FLDO)	23,844	78,092	(63,588)	(2,491)	35,857
Helwan Association for Community Development (Bashayer)	39,694	-	(16,001)	(16,160)	7,533
Minya Fund	57,373	-	(4,770)	-	52,603
Shomoo Association for Sustainable Development (Shomoo)	22,445	15,750	(1,305)	(14,530)	22,360
Study Mission 2014		5,000	(5,000)	-	-
Women's Program Association (WPA)		5,000	(5,000)	-	-
Egypt and Lebanon New Investments		12,000	-	-	12,000
TOTAL RESTRICTED FUNDS	161,884	327,591	(312,306)	(46,816)	130,353
UNRESTRICTED FUNDS					
GENERAL FUNDS	220,585	478,341	(366,199)	47,543	380,270
DESIGNATED FUNDS					
Fixed Assets	2,908	-	-	(727)	2,181
Alfanar Libya	14,821	-	-	-	14,821
	17,729	-	-	(727)	17,002
TOTAL UNRESTRICTED FUNDS	238,314	478,341	(366,199)	46,816	397,272
TOTAL FUNDS	400,198	805,932	(678,505)	-	527,625

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 2014 further consolidated its professional performance troupe with performances in London, Beirut, Kuwait City and a number of prominent venues in Cairo. This project is supported by SODIC.

Bedayaat Foundation (Bedayaat): runs an informal children's education centre in the impoverished Ezbet Badawi district of Minya City. With Alfanar's support 2014 saw Bedayaat cement its status as a community centre, providing literacy and numeracy education to children as well as a wide array of extracurricular programmes for both children and adults. This project is made possible through the support of SODIC.

Future Eve Foundation (FEF): runs a micro-loan, financial literacy and vocational training programme in Minya, Egypt for widows and female heads of household. This project is supported by the Department for International Development (DFID) and Alfanar Inc. US.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. STATEMENT OF TOTAL FUNDS (CONTINUED)

PURPOSES OF RESTRICTED FUNDS

Future Lights for Development Organisation (FLDO): runs a Montessori-inspired nursery that doubles as a training hub for nurseries that operate in slum areas. In 2014 FLDO's model nursery maintained breakeven levels of income. 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 Community Development for (Bashayer): operates a sewing and production unit in Helwan, an industrial region outside Cairo. Through the support of SODIC, Alfanar has helped Bashayer strengthen its design and sewing skills, operational capacity, and marketing abilities.

Minya Fund: is a restricted fund created to support Alfanar's activities in Minya including the funding of projects and provision of technical assistance.

Shomoo Association for Sustainable Development (Shomoo): trains non-governmental organisations (NGOs) to run literacy and awareness raising classes in Minya in addition to counselling and operating a micro-loan and vocational training programme for female victims of domestic violence. Alfanar is working with Shomoo to ensure it is financial sustainability; this project is made possible through the support of SODIC.

Study mission: Alfanar conducted its first study mission in December 2014 that saw the Future Lights for Development Organisation (FLDO) from Egypt, and the Ana Aqraa' Association (Ana Aqraa') from Lebanon, travel alongside Alfanar staff to Bangalore, India. The trip introduced Alfanar and the aforementioned partners to NGOs working in education and different models of education provision in areas stricken by poverty. This study mission was made possible through the support of restricted funding.

Women's Programme Association (WPA): provides education and vocational skills training for women as well as offering microloans to community members in 9 Palestinian refugee camps in Lebanon. In 2014 Alfanar helped WPA build a catering business which will double as a food production and sales training centre for women living in Burj Barajneh refugee camp. This project is supported through a mix of restricted and unrestricted funding.

Egypt and Lebanon: this fund represents restricted income where the expenditure is agreed with the donor following receipt of the fund.

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.

Transfers represent restricted fund balances dating back several years which recent work has confirmed that there is no longer a restriction on the fund and has already been spent.

ALFANAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
Tangible fixed assets	2,181		2,181	2,908
Current assets	426,939	130,353	557,292	522,930
Creditors due within one year	(31,848)	-	(31,848)	(125,640)
	<u>397,272</u>	<u>130,353</u>	<u>527,625</u>	<u>400,198</u>

12. RELATED PARTIES

The Founder of the Bedayaat Foundation (Bedayaat), Mr Karim Gohar, is the brother of one of Alfanar's trustees, Lady 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 and 2013. Trustee Lady 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 Alfanar payments under the approved grants in 2011: £9,046; 2012: £19,039; 2013: £13,161 and 2014: £8,711. Mr Karim Gohar stepped down as Chief Executive in Q2 2014 to serve as the Foundation's Board Chair.

Lady Plumbly is also a member of the governing council of the Alfanar charitable association registered in Lebanon.

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:

	2014 £	2013 £
Land & Buildings		
Less than 1 Year	-	-
2 - 5 Years	<u>4,985</u>	<u>4,738</u>