

Charity Registration No. 1116751

Company Registration No. 05938633 (England and Wales)

THE ASFARI FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

THE ASFARI FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Ayman Asfari (Chair) Mrs Sawsan Asfari Mr John Ferguson FCA Dr Marwan Muasher Ms Rasha ElMasry Mr Adeeb Asfari Mr Kareem Asfari	(Appointed 1 July 2019)
Chief Executive Officer	Saba Almubaslat	
Charity number	1116751	
Company number	05938633	
Registered office	Acre House 11-15 William Road London NW1 3ER United Kingdom	
Auditor	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom	
Bankers	Metro Bank 1 Southampton Row London WC1B 5HA EFG Bank AG Bleicherweg 8 P.O. Box 6012 8022 Zurich	
Solicitors	Bircham Dyson Bell 50 Broadway Westminster London SW1H 0BL	

THE ASFARI FOUNDATION

CONTENTS

	Page
Trustees' report	1 - 4
Statement of trustees' responsibilities	5
Independent auditor's report	6 - 7
Statement of financial activities	8
Balance sheet	9
Statement of cash flows	10
Notes to the accounts	11 - 20
Appendix	21 - 22

ASFARI FOUNDATION (A COMPANY LIMITED BY GUARANTEE) TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Trustees present their report and financial statements for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Constitution

The Asfari Foundation is a company limited by guarantee (company number 05938633) and a registered charity governed by its memorandum and articles of association. Charity number in England and Wales: 1116751.

Directors and Trustees serving during the year and since the year end:

1. Mr Ayman Asfari (Chair)
2. Mrs Sawsan Asfari
3. Mr John Ferguson FCA
4. Dr Marwan Muasher
5. Mrs Rasha ElMasry
6. Mr Adeeb Asfari
7. Mr Kareem Asfari (Appointed 1 July 2019)

Objects of the Foundation

The vision of the Foundation is of a world where people actively work together to create productive, inclusive, and just societies. Our mission is to educate young people from Syria, Lebanon, Palestine, and the UK, and to strengthen civil society organisations in their communities

Achievements against objectives set

The Asfari Foundation's charitable objectives are outlined in its Articles of Association and include the following:

- The advancement of education in any part of the world and in particular of young people from Syria, Lebanon, Palestine and the UK, including establishing and supporting schools, universities and other educational facilities.
- The promotion of civic responsibility, good citizenship and community development for the public benefit in particular but not exclusively for the benefit of young people and civil-society organisations from Syria, Lebanon, Palestine and the UK.
- The prevention and relief of poverty for the public benefit in any part of the world, in particular but not exclusively from Syria, Lebanon, Palestine and the UK, by raising awareness about poverty, the provision of grants to organisations providing nutritional, medical, shelter and other relief provisions and services.
- The advancement of human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations), conflict resolution or reconciliation and the promotion of equality and diversity for the public benefit anywhere in any part of the world and in particular for young people from Syria, Lebanon, Palestine and the UK.
- In order to support our partners, the Asfari Foundation provides grants:
 - That are flexible and include individual and organisational capacity-building support.
 - For research into systemic issues.
 - That seed fund or test new ideas or approaches by organisations that we believe are particularly innovative, have strong potential to help young people, and are related to our thematic areas.

The Asfari Foundation works through three Programmes with specific themes:

ASFARI FOUNDATION (A COMPANY LIMITED BY GUARANTEE) TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

The Youth Empowerment Programme

Well-educated and engaged young people, working together with others as active members of society can make a genuine contribution to the development of their communities. The Asfari Foundation's objective is to address the structural and systemic issues that restrict the educational, vocational and business opportunities available to young people by supporting organisations and initiatives that contribute to the overall vibrancy, professionalism, effectiveness and accountability of the education systems in Syria, Palestine and Lebanon working specifically on business and social entrepreneurship.

The Civil Society Programme

A strong, vibrant and resilient civil society is key to the development of all healthy, participatory democratic societies and thus critical to the future of Syria, Palestine and Lebanon. The Asfari Foundation aims to foster a strong and sustainable civil society that is able to effectively bring people together for the common good, providing quality information to citizens and policymakers, serving those in need and advocating for change. The Asfari Foundation currently focuses on civil society in, or of, Syria and Lebanon (including Palestinian organisations working in these countries). To do this, we support organisations and initiatives that contribute to the vibrancy, professionalism, effectiveness and governance of the civil society sector as a whole. We also continue to support and develop the Asfari Institute for Civil Society and Citizenship at the American University of Beirut, which promotes all of the above goals. We aim for it to become a regional centre with expertise in and providing support to civil society through research, convening and education.

The Relief and Emergency Programme

All of the countries where we work in the Middle East continue to face urgent social and humanitarian issues; we are particularly concerned about the refugee crisis due to the conflict in Syria and the situation in Palestine. The Asfari Foundation's efforts are most effective when addressing structural issues underlying these crises, and our support to young people affected by emergencies is mostly channeled through the above programmes focusing on access to education for refugees and strengthening civil society organisations tackling structural issues. We maintain an emergency relief fund to occasionally enable us to respond to emerging crises or developments.

Performance of fundraising activities against objectives set

The Asfari Foundation does not actively raise funds, income is received through donations from the Asfari Family to meet its objectives.

Organisational Structure

The Asfari Foundation's Articles of Association provides for a minimum of three Trustees, who are also directors for the purpose of company law. Trustees are selected for their skills and abilities to ensure that the overall governance is sound and meets its legal and moral obligations.

Newly appointed Trustees undertake a series of meetings with the Asfari Foundation's senior management to ensure they gain a full understanding of the Foundation and their responsibilities.

All grants paid by the Asfari Foundation are independently agreed by the Trustees collectively. Trustees with conflicts of interest declare these in advance and do not participate in related decision making.

Saba Almubaslat is the only Senior Manager at the Foundation for the year. In her capacity as the Chief Executive Officer, she is accountable for the team's performance and has the overall responsibility to ensure proper management of the foundation, so that its objects are met, and resources are well managed.

Future Plans and Recent Developments

The Asfari Foundation continues to make grants that strengthen organisations with a focus on youth education (entrepreneurship, education system improvement, and higher education provision), and in the field of civil society (governance, citizenship, and media). We support this work in Lebanon, Palestine, Israel, and the UK.

In its strategic plan for 2020, the Asfari Foundation made plans to mainstream use of digital capacity and technology to maintain partner support and to be able to respond to the needs of their communities at scale. As a result, when COVID 19 interrupted the traditional

ASFARI FOUNDATION (A COMPANY LIMITED BY GUARANTEE) TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

mediums of programmes delivery, the Foundation reached out to partners and worked with them to amend their delivery plans so that most of their services are provided through digital platforms. To support partners through this digital transformation, the Asfari Foundation released The Digital Transformation Fund and the Digital Challenge, both of which offer partners access to quality digital learning, mentoring and financial support to operationalize such transformation in their line of business. In addition, and as a responsible donor, the Foundation is working closely with its partners to allow a thorough review of project plans and offered partners the option of a 'no-cost extension', to ensure they have additional time to conclude their activities, without any negative implications caused by COVID 19 lockdown time, which put most of the partners' projects on hold for a period of 3-4 months.

Financial Review

Total income for 2019 amounted to £5.2 million (2018: £5.4 m). Donations from the Asfari family constitute the principal source of income for the Foundation. Over the years, the family has made substantial donations to the Foundation. The Foundation also receives income from its investments.

Total expenditure on charitable activities for 2019 was £4.4 million (2018: £4.8 m). Of this total, £3.7 million (2018: £4.3 m) was spent on grants awarded across the Foundation's programmes. Support costs to operate the organisation amounted to £0.7 million (2018: £0.6m).

At 2019 year end, the funds of the Foundation were entirely unrestricted and amounted to £16.4 million (2018: £14.4 m). During 2019, some £2.0 million (2018: £0.4 m) was added as a result of net gains on investments and a surplus of income over expenditure.

Reserves Policy

In line with the recommendations of the Charity Commission, the Trustees have a regularly reviewed Reserves policy. This recognises that the income of the Foundation varies year on year and so to enable the Foundation to plan its activities, it is prudent to hold reserves. The policy also recognises that the reserves that represent the fixed assets and the restricted funds of the Foundation are not freely available and thus are to be distinguished from free reserves. In the annual review of the Reserves Policy the Board decided that in this economic climate it would be prudent to ensure that we have cover for 12 months of expenditure in our reserves. These reserves are held to ensure that the Trust can continue to engage in its charitable work even if adverse economic conditions restrict fundraising potential.

Investment policy and performance

To mitigate financial risk, the Trustees have an investment policy that evolves in line with the strategic goals for the organisation. In the short term, the Foundation's investment objective is growth. Longer term (beyond 10 years), the objective is to provide income to support the Foundation's programme expenditure. The Asfari Foundation's Investment Committee reviews, monitors investments and provides investment support to the Board.

Over the period of investment the portfolio has performed well. Following the sale of the Ames House property in 2019 a large part of the sale proceeds was invested in two portfolios managed by Credit Suisse serving to give greater diversification of the total investments in accordance with policy. In addition, the Foundation has maintained its direct shareholdings in three listed stocks and has acquired a stake in a private equity investment.

Public benefit statement

The Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Risk Management

A comprehensive risk register is managed by the Foundation and, for each risk, specific mitigations are put in place. The risk register is regularly reviewed by the CEO, the team and the Trustees to ensure risks are appropriately managed. An Audit and Risk Committee monitors and advises the Board on audit, risks, and policy development. In 2019, the following risks to the Foundation were identified by Trustees and staff, and the following controls were in place for active risk management.

The principal risks and countermeasures identified by Trustees include:

**ASFARI FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

FOR THE YEAR ENDED 31 DECEMBER 2019

- Business Continuity - Appointment of a reputable and experienced IT provider to ensure connectivity within a timely manner following an IT failure. Appropriate and secure cloud backup solutions.
- Breach of regulations regarding the funding of terrorism, sanctions imposed upon countries, entities or individuals or paying or facilitating the use of bribes - Adequate Training for all employees. Robust policies and procedures to identify risks and mitigation through effective controls. Appropriate vetting procedures documenting all investigations, rationale, and decision-making process. In-depth understanding of funding requirements and proposed usage of funds.
- Reputation and Associations - the Foundation's operations are restricted / prohibited because of its reputation and associations - Transparency of internal framework in which the Foundation operates in accordance with all regulatory obligations. Careful management of charitable activities. Careful vetting of all partnerships. Experienced and reputable Board. Close monitoring of changes to charitable regulations. Ongoing monitoring media coverage and open source information

The major risks to which the Foundation is exposed are regularly reviewed, and systems have been established to mitigate against those risks (where appropriate, professional advisors have been appointed to mitigate those risks). While COVID 19, as a global pandemic, did not feature as a significant threat in the Foundation's risk register, the Foundation was still able to respond to this pandemic with a high level of agility. Due to the Trustees' commitment to invest in a robust online platform and upskilling the Foundations capabilities to include high level digital and technological capacities, the Foundation was able to amend course fairly quickly, shifting to Work from Home and retaining timely communication with partners without any delays. The implications of COVID 19 on partners' capacity to deliver and impact delays had on their activities because of extended lockdown periods in certain countries, were assessed. Amendments to our operational procedures and grant disbursement guidelines were done in the first two weeks of the lockdown. A communication was sent out to all partners explaining these amendments, followed by a one-to-one call with each of the active grants holders to ensure full understanding and clarity.

Statement of disclosure to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

On behalf of the board of Trustees



Mr Ayman Asfari
Chairman

Dated 07.09.2020

THE ASFARI FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees, who are also the directors of The Asfari Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

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

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

THE ASFARI FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ASFARI FOUNDATION

Opinion

We have audited the accounts of The Asfari Foundation (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE ASFARI FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE ASFARI FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 accounts 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 accounts in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

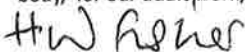
Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Andrew Rich (Senior Statutory Auditor)
for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

7/9/20

THE ASFARI FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds 2019 £	Unrestricted funds 2018 £
Income from:			
Donations and legacies	3	4,806,309	4,800,174
Investment income	4	443,225	641,805
Total income		<u>5,249,534</u>	<u>5,441,979</u>
Expenditure on:			
Charitable activities	5	<u>4,410,090</u>	<u>4,833,612</u>
Net gains/(losses) on investments	10	<u>1,192,547</u>	<u>(220,924)</u>
Net movement in funds		2,031,991	387,443
Fund balances at 1 January 2019		<u>14,401,473</u>	<u>14,014,030</u>
Fund balances at 31 December 2019		<u><u>16,433,464</u></u>	<u><u>14,401,473</u></u>

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE ASFARI FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		12,498		17,239
Investment properties	12		-		8,151,665
Investments	13		15,077,303		4,914,310
			<u>15,089,801</u>		<u>13,083,214</u>
Current assets					
Debtors	15	1,042,796		1,157,293	
Cash at bank and in hand		1,262,883		1,179,466	
		<u>2,305,679</u>		<u>2,336,759</u>	
Creditors: amounts falling due within one year	16	(962,016)		(1,018,500)	
Net current assets			<u>1,343,663</u>		<u>1,318,259</u>
Total assets less current liabilities			<u>16,433,464</u>		<u>14,401,473</u>
Income funds					
Unrestricted funds			16,433,464		14,401,473
			<u>16,433,464</u>		<u>14,401,473</u>

The accounts were approved by the board of directors and authorised for issue on 07.09.2020 and are signed on its behalf by:



Mr Ayman Asfari (Chair)
Trustee

Company Registration No. 05938633

THE ASFARI FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		481,667		(349,495)
Investing activities					
Purchase of tangible fixed assets		(194)		(15,424)	
Proceeds on disposal of investment property		8,137,358		-	
Purchase of other investments		(8,978,639)		(500,000)	
Investment income		443,225		641,805	
Net cash (used in)/generated from investing activities			(398,250)		126,381
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			83,417		(223,114)
Cash and cash equivalents at beginning of year			1,179,466		1,402,580
Cash and cash equivalents at end of year			<u>1,262,883</u>		<u>1,179,466</u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

The Asfari Foundation is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these accounts are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These accounts are prepared on the going concern basis.

As stated in note 18 the trustees have considered the effect of the Covid-19 outbreak. Whilst this pandemic has a profound impact on the activities, the trustees consider that the outbreak is unlikely to cause a significant disruption to the charities ability to continue as a going concern for a period of at least twelve months from the date approval of these accounts. The trustees have a reasonable expectation that the charity has access to adequate resources to continue to operate for the foreseeable future.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Property income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, net of discounts, VAT and other sales related taxes.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Resources expended

Resources expended are recognised in the period to which they relate.

Direct charitable expenditure comprises all the expenditure relating to the activities carried out to achieve the charitable objectives.

Support costs represent costs that cannot be directly attributed to the charitable activities.

Governance costs include the costs of compliance with constitutional and statutory requirements and have been allocated to the charitable activities in the same proportions as support costs.

Staff costs and depreciation have been allocated in full to support costs.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office Equipment	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value at the reporting date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the accounts, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Grants payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in the Statement of Financial Activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. No significant accounting estimates or judgements were made in preparing these accounts.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2019	2018
	£	£
Donations and gifts	3,845,103	3,840,139
Gift aid	961,206	960,035
	<u>4,806,309</u>	<u>4,800,174</u>

4 Investment income

	2019	2018
	£	£
Rental income	143,130	347,853
Fund investment income	51,521	-
Listed investment income	238,857	293,368
Interest receivable	9,717	584
	<u>443,225</u>	<u>641,805</u>

The listed investment income relates to Regional REIT shares, Royal Dutch Shell B shares and Smithson Investment Fund dividend income. Rental income relates to rent received on Ames House property from Chatham House. Ames House was sold in the year. Fund investment income is from unlisted investments.

5 Charitable activities

	Grants to individuals and organisations	Grants to individuals and organisations
	2019	2018
	£	£
Grant funding of activities (see note 6)	3,735,526	4,278,552
Share of support costs (see note 7)	662,544	547,120
Share of governance costs (see note 7)	12,020	7,940
	<u>4,410,090</u>	<u>4,833,612</u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Grants payable

	2019	2018
	£	£
Youth Empowerment	739,554	953,492
Civil Society	2,497,626	2,762,813
Relief	442,424	488,716
Cross programme	55,922	73,531
	<u>3,735,526</u>	<u>4,278,552</u>

Please see appendix on pages 21 to 22 for detailed analysis of grants payable.

7 Support costs

	Support costs	Governance costs	2019	Support costs	Governance costs	2018
	£	£	£	£	£	£
Staff costs	368,864	-	368,864	323,829	-	323,829
Depreciation	4,935	-	4,935	2,301	-	2,301
Office costs	173,291	-	173,291	164,294	-	164,294
Other Professional Services	100,593	-	100,593	56,696	-	56,696
Finance interest expense	14,861	-	14,861	-	-	-
Audit fees	-	12,020	12,020	-	7,940	7,940
	<u>662,544</u>	<u>12,020</u>	<u>674,564</u>	<u>547,120</u>	<u>7,940</u>	<u>555,060</u>
Analysed between						
Charitable activities	<u>662,544</u>	<u>12,020</u>	<u>674,564</u>	<u>547,120</u>	<u>7,940</u>	<u>555,060</u>

Total fees for services paid to the auditors over the year were £36,149 (2018:£28,680) and include the following:

Statutory audit	£12,020
Accountancy services	£19,859
Other (VAT services & advice)	£4,270

8 Trustees

The Trustees do not receive any salary or other benefit except for the reimbursement of actual expenditure incurred in attending Board meetings or field visits. None of the Trustees have been paid any remuneration and other benefits by the charity or by related parties. All six Trustees directly incurred expenses related to travel, training and field visits for Foundation purposes; a total amount of £10,778 (£2018: £8,869) was incurred by the Foundation.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Employees

Number of employees

The Foundation aims to pay salaries that appropriately recognise and reward the qualifications, experience and responsibilities of its CEO and other employees, while also keeping salaries at a reasonable level compared to similar organisations in the sector. When posts are created, salary research is done with partners in the sector, through specialist agencies and tools. Salaries are adjusted with increased responsibility or a change of position, and occasionally increased in line with inflation.

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Managerial, administrative and programme technical	6	6

Employment costs

	2019 £	2018 £
Wages and salaries	321,952	279,524
Social security costs	32,491	30,773
Other pension costs	14,421	13,532
	<u>368,864</u>	<u>323,829</u>

The key management personnel within the Foundation is the Chief Executive Officer (CEO). The current CEO was the only member of staff whose total employee benefits was £60,000 or more and remunerated within the pay band £70,000 to £79,999 (2018: £80,000 to £89,999). All staff are entitled to several benefits. A key benefit is the Foundation's pension scheme, which matches staff contributions of up to 5% of qualifying earnings. Remuneration paid to key management personnel in 2019 totaled £109,529 (2018: £164,404). This remuneration relates to gross salary paid, employer national insurance contributions and employer pension contributions.

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
£70,000 - £79,999	1	-
£80,000 - £89,999	-	1

10 Net gains on investments

	2019 £	2018 £
Revaluation of investments	1,206,854	(435,026)
Revaluation of investment properties	-	214,102
Loss on sale of investment properties	(14,307)	-
	<u>1,192,547</u>	<u>(220,924)</u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

	Office Equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2019	21,044	5,889	26,933
Additions	194	-	194
	<u>21,238</u>	<u>5,889</u>	<u>27,127</u>
At 31 December 2019	21,238	5,889	27,127
	<u>21,238</u>	<u>5,889</u>	<u>27,127</u>
Depreciation and impairment			
At 1 January 2019	9,694	-	9,694
Depreciation charged in the year	3,757	1,178	4,935
	<u>13,451</u>	<u>1,178</u>	<u>14,629</u>
At 31 December 2019	13,451	1,178	14,629
	<u>13,451</u>	<u>1,178</u>	<u>14,629</u>
Carrying amount			
At 31 December 2019	7,787	4,711	12,498
	<u>7,787</u>	<u>4,711</u>	<u>12,498</u>
At 31 December 2018	11,350	5,889	17,239
	<u>11,350</u>	<u>5,889</u>	<u>17,239</u>

12 Investment property

	2019
	£
Fair value	
At 1 January 2019	8,151,665
Disposals	(8,151,665)
	<u>-</u>
At 31 December 2019	-
	<u>-</u>

The investment property was sold in May 2019. The tenants Chatham House (the Royal Institute of International Affairs) exercised their options to purchase the 2 floors of Ames House in Central London. The sale price was linked to RPI in accordance with contractual arrangements. The loss on sale in 2019 resulted from a decrease in RPI from December 2018 to March 2019 when the sale price was fixed.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Fixed asset investments

	Managed portfolios	Listed investments	Unlisted investments	Total
	£	£	£	£
Cost or valuation				
At 1 January 2019	-	4,914,310	-	4,914,310
Additions	6,800,000	-	2,178,639	8,978,639
Valuation changes	261,227	712,928	232,699	1,206,854
Interest	-	-	(12,933)	(12,933)
Management charges	(9,567)	-	-	(9,567)
At 31 December 2019	7,051,660	5,627,238	2,398,405	15,077,303
Carrying amount				
At 31 December 2019	7,051,660	5,627,238	2,398,405	15,077,303
At 31 December 2018	-	4,914,310	-	4,914,310

The listed investments consist of £3,457,617 (2018 : £2,825,350) Regional REIT Limited shares, £1,520,621 (2018 :£1,588,860) Royal Dutch Shell B shares, and £649,000 (2018: £500,100) Smithson Investment Fund shares.

During the year, the Foundation invested £6.8 million in two Credit Suisse managed investment portfolios. Also purchased in the year was an unlisted investment in Jermyn Street Educational Real Estate Fund now valued at £2,253,242 together with related financial instruments designed to equalise any fluctuations in this dollar denominated investment due to exchange rate differences.

14 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	15,077,303	4,914,310

15 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Gift aid receivable	961,275	960,035
Other debtors	14,912	16,551
Prepayments and accrued income	66,609	180,707
	1,042,796	1,157,293

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Creditors: amounts falling due within one year

	2019	2018
	£	£
Other taxation and social security	1,610	12,586
Grants payable	932,536	960,921
Trade creditors	12,295	16,094
Other creditors	-	11,625
Accruals and deferred income	15,575	17,274
	<u>962,016</u>	<u>1,018,500</u>

Grants payable relates to grants committed in furtherance of the charity's objectives that are expected to be made within twelve months. Due to COVID-19, some activities are being modified which will delay payments while the nature of the work is being finalized.

17 Operating lease commitments

At the year end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	39,500	39,500
Between two and five years	117,745	157,245
	<u>157,245</u>	<u>196,745</u>

The operating lease relates to the rental of the Foundation's office over a period of 10 years. The total lease payment recognised as an expense in the year totalled £39,500 (2018: £39,500).

18 Events after the reporting date

The trustees have considered the effect of the Covid-19 outbreak that has been spreading throughout the world in early 2020 on the charity, and the trustees consider that the outbreak is unlikely to cause a significant disruption to the charities ability to continue as a going concern for a period of at least twelve months from the date of approval of these accounts. The trustees have a reasonable expectation that the charity has access to adequate resources to continue to operate for the foreseeable future.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Related party transactions

Ayman Asfari is on the panel of senior advisors of Chatham House. No grants were funded in 2019 (2018: £202,872). The Asfari Foundation owned two floors in Ames House which were sold to Chatham House in 2019. The sale price was pre-determined in an agreement signed by both parties.

Marwan Muasher is the Vice President for Studies at Carnegie Endowment for International Peace (Carnegie). In June 2015, Carnegie was awarded a grant by the Asfari Foundation of \$1m over 3 years. In 2019 the Foundation donated \$120,000 (2018: \$120,000). Ayman Asfari was invited to join the Board of Trustees of Carnegie in August 2015 and was still a board member in 2019.

Ayman Asfari and Marwan Muasher are Board members of the American University of Beirut to whom the Asfari Foundation donated \$1,597,722 in 2019 (2018: \$1,495,000).

Sawsan Asfari is an advisory board member and Ayman Asfari is part of the advisory committee for The Atlantic Council. The Foundation made no donations in 2019 (2018: \$100,000).

Sawsan Asfari is a General Member of The Welfare Association. The Foundation donated £10,000 in 2019 (2018: £24,000). Sawsan Asfari is also a Co-Founder and Board member of the Galilee Foundation to whom the Asfari Foundation donated £75,000 in 2019 (2018: £75,000).

Rasha Elmasry is a Board member at the Karam Foundation to whom the Foundation donated £20,000 in 2019.

All grants and donations made by the Asfari Foundation are independently agreed by the Board of Trustees at the Foundation's Board meeting. Trustees with conflicts of interest declare these in advance and do not participate in related decision making. When a decision is required in relation to programmes or funding associated with organisations that receive funding from the Asfari Foundation, the relevant Trustee abstains from voting.

20 Cash generated from operations	2019	2018
	£	£
Surplus for the year	2,031,991	387,443
Adjustments for:		
Investment income recognised in statement of financial activities	(443,225)	(641,805)
Loss on disposal of investment property	14,307	-
Fair value gains and losses on investment properties	-	(214,102)
Fair value gains and losses on investments	(1,206,854)	435,026
Depreciation and impairment of tangible fixed assets	4,935	2,301
Interest retained in portfolio	12,933	-
Investment management fees charged to portfolio	9,567	-
Movements in working capital:		
Decrease/(increase) in debtors	114,497	(298,105)
(Decrease) in creditors	(56,484)	(20,253)
Cash generated from/(absorbed by) operations	481,667	(349,495)

21 Analysis of changes in net funds

The charity had no debt during the year.

APPENDIX: List of Grants by Programme / Organisation

	2019	2018
	£	£
Youth Empowerment		
Al-Fanar	75,000	75,000
Al-Nayzak	72,980	-
AMIDEAST	-	17,000
Basma and Zeitooneh	73,511	73,942
Galilee Foundation (Development Grant)	75,000	75,000
Galilee Foundation (scholarships)	-	24,000
Gaza Sky Geeks	75,000	75,000
International Rescue Committee	-	210,367
Kesh Malek	-	30,000
LASER	-	31,424
Near East Foundation	-	50,573
Pitchworthy	75,000	-
Save the Children	-	146,882
ShareQ	72,136	-
UNHCR (conference)	-	10,000
United Lebanon Youth Project	73,382	74,304
Wilton Park	-	20,000
Year Here	75,000	40,000
Yes Theatre	72,545	-
	739,555	953,492
	2019	2018
	£	£
Civil society		
Al-Jumhuriya	75,931	75,007
Arab Reform Initiative	-	14,052
Atlantic Council of the United States	37,736	75,134
Badael	72,545	-
Campaign Bootcamp	-	25,200
CanDo	75,000	75,000
Carnegie Endowment for International Peace	-	189,524
Columbia Business School	-	5,347
Common Purpose	-	71,482
Dawlaty	71,629	-
Development for People and Nature Association	-	50,000
Enab Baladi	72,136	-
Georgetown University	-	14,401
Global Dialogue	-	40,000
Hands Up Foundation	75,000	74,554
Matt Jackson	-	4,000
Medical Aid for Palestinians	-	25,516
Nahnoo	72,058	74,519
Refugee Studies Centre, Oxford University	-	12,009
Royal Institute for International Affairs (Chatham House) (Fellowships)	-	202,872
Syrian Centre for Legal Studies and Research	73,045	-
Syrian Centre for Media and Freedom of Expression	79,255	76,870
Syrian Centre for Policy Research	72,136	-
Syrian Female Journalist Network	-	33,758
Syrian League for Citizenship	-	25,000
The Asfari Institute for Civil Society & Citizenship at AUB	1,662,514	1,484,298
The Middle East Institute	-	39,751
The Syria Campaign	72,927	74,519
Other	-14,288	-
	2,497,626	2,762,813

	2019	2018
	£	£
Relief		
AUB Emergency Student Solidarity Fund	76,000	-
AUB Lancet Commission	45,833	42,687
Black Pearl	31,000	-
Hands Up Foundation	-	125,195
International Medical Education Trust	20,000	-
International Rescue Committee	-	125,950
Karam Foundation	20,000	-
Maram Foundation	54,000	-
Medical Aid for Palestinians	53,000	80,000
Syrian Civil Defence	77,349	-
The Syria Campaign	42,280	-
United Nations Relief and Works Agency	-	50,000
Welfare Association	10,000	-
Other	12,962	64,884
	442,424	488,716
	2019	2018
	£	£
Cross programme		
Alumni Awards	-	18,000
London Arab Festival c/o Barakat Trust	-	2,000
R.M Team	-	32,411
SRM Intelligence and Risk Consulting	200	21,120
Technovatio	45,000	-
Other	10,721	-
	55,921	73,531
Total Grants	3,735,526	4,278,552