



# Interpal

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the Year Ended 31<sup>st</sup> December 2020

**Registered Charity No. 1040094**  
**Palestinians Relief and Development Fund**

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## LEGAL AND ADMINISTRATIVE INFORMATION

**Charity Number:** 1040094 (constituted by the Charitable Trust governed by Trust Deed)

**Address of Principal Office:**

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**Name of Trustees**

Dr Essam Mustafa

Mr Ismail Ginwalla MBE

Ms Saher Usmani

Mr Ibrahim B. Hewitt (Retired December 2020)

Mrs Shabana Pinjara (Retired May 2021)

**Senior Personnel**

Executive Manager: Mr Jihad Qundil

**Auditors**

M Akram & Co.

Chartered Accountants & Registered Auditors

413 Lea Bridge Road

London, E10 7EA

**Solicitors**

Carter-Ruck Solicitors

6 St Andrew Street

London, EC4A 3AE

## ANNUAL REPORT OF THE TRUSTEES

The Trustees present their report along with their financial statements of the charity for the year ended 31<sup>st</sup> December 2020. The financial statements have been prepared based on the accounting policies set out in Note 1 of the financial statements and comply with the charity's Trust Deed.

### Interpal: Structure, Governance and Management

Interpal is a charity organised, registered, headquartered and operating in the United Kingdom under the supervision of the regulator in Britain, the Charity Commission, as well as government authorities. It delivers works to support Palestinians in need through utilising its expertise to facilitate aid, advocacy and awareness for Palestinian human rights.

Interpal works with those with a thorough knowledge of the dire humanitarian situation of the Palestinians as well as the complexities and sensitivities of Palestinian society, whether in the West Bank and Gaza Strip, or the refugee camps in Jordan and Lebanon. Since 2020, Interpal has realigned how it works to safeguard its beneficiaries and its legacy as the charity adapts to changes caused by external factors and obstacles.

Overall management and decision-making rests with the Interpal Board of Trustees. The Executive Committee (ExCo) includes the Trustees as well as the Executive Manager and is mandated and empowered by the Board to act on the latter's behalf where appropriate.

### Vision, Objectives and Activities

#### **Vision:**

- To empower Palestinians to face their challenges and hardships in our principal areas of operation: the West Bank, Gaza Strip and the refugee camps in Jordan and Lebanon.

#### **Objectives:**

- Advocate for the relief of economic hardship faced by Palestinians.
- Promote the importance of good health within the Palestinian community.
- Support initiatives that help education for Palestinians.
- Provide support and capacity building for organisations working to support Palestinian human rights.
- Raise awareness about the causes of the humanitarian crisis affecting Palestinians, including poverty, and how to alleviate it.



## **How Interpal Works**

Interpal is a charity registered in the UK with its Head Office in London. Interpal's principal area of work focuses on humanitarian aid (relief & emergency aid), education, community development, health & medical aid and advocacy & awareness. By engaging in fundraising campaigns and events, Interpal is able to raise awareness of issues concerning Palestinians and the necessary funds to support its work in its areas of operations.

### **Board of Trustees**

The Interpal Board of Trustees bears the responsibility for formulating and implementing the charity's policies. It also oversees overall management. In addition to powers such as providing grants to help alleviate poverty, the trustees can establish and support development and rehabilitation projects, encourage employment and self-dependency, and construct, maintain and support holy places.

### **Recruitment and Appointment of Trustees**

The Trust Deed provides that, "Every future Trustee shall be appointed by a resolution of the trustees passed at a special meeting called by the Chairman or any two trustees upon not less than twenty-one days' notice being given to the other trustees of the appointment of a new trustee." (Article E).

### **Induction and Training of Trustees**

The trustees are encouraged to undergo ongoing training to fulfil their responsibilities and development. Upon induction, trustees are provided with adequate training and are kept well informed of the ongoing fluid situation in the charity's key areas of operation. They are also kept informed of any organisational or structural changes in keeping with good governance.

To ensure that the trustees are up to date with recent Charity Commission guidelines and expectations of trustees, they are provided with regular updates, releases and training materials to review and action.

### **Risk Management**

Interpal continues to have relevant operations procedures in place as outlined in its Relationships and Funding Operations Manual. All significant activities undertaken are subject to a risk review as part of the initial project assessment and implementation. Major risks are identified and ranked in terms of their potential impact. The trustees review the risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance.

### **Public Benefit**

The trustees confirm that Interpal has complied with and recognises the importance of the Charities Act 2011 in reference to public benefit. Interpal has referred to the Charity Commission's guidance and has due regard to public benefit when developing, reviewing and implementing the charity's vision, aims, objectives, and future strategy. Of note, Interpal provides a trusted avenue through which people can support the Palestinian cause, which not only benefits Palestinians in need but allows supporters to increase knowledge and empowerment.

### **Grant-making Policies**

Where grants are made, the process is governed strictly by partnership and funding agreements. Interpal's decision to allocate funds is determined solely on the basis of need, the individual merit of each project and the ability of the NGO applying for the grant (if any) to deliver. All documentation, including the Funding Agreement, is revised periodically to take into consideration changes in the law and the situation in Interpal's areas of operation.

### **Gifts-in-Kind**

Gifts in kind are recognised and capitalised at the value to the charity where this can be quantified.

### **Remuneration Policy**

Interpal's trustees have set up a pay scale, with the help of professional advice. Staff are appraised and assessed on their performance, and all pay increases are based on these annual reviews and appraisals.

## **PERFORMANCE AND STRATEGIC OBJECTIVES FOR 2020**

### **Strategic Objectives for 2020:**

#### **1. Continue to support the provision of humanitarian aid to the occupied Palestinian Territories, Jordan and Lebanon as well as advocating for the human rights of Palestinians.**

- Although Interpal's Modus Operandi shifted in 2020, the charity continued to support this objective through grant making.
- A number of grants were made to strategic and qualified organisations to ensure the safe delivery of funds and the effective implementation of humanitarian aid in the field.
- All income raised in 2020 plus 90% of funds carried forward from 2019 were disbursed as part of the charitable activities.
- Interpal also increased its focus on advocacy and awareness through the production of learning resources, reimagining its website and its messaging to donors as well as supporting other Palestine and human rights campaigns through its communications and networks.

#### **2. Continue the strategic transition of the charity and restructure of its operations to safeguard Interpal as a going concern in light of ongoing banking difficulties**

- In response to ongoing challenges faced by the charity, a transition plan was already in effect when the charity was denied banking facilities.
- As such the trustees' plan included ensuring the legacy of the charity and its ability to provide support for Palestinians in need beyond fundraising.
- The charity completed Phase 2 of its transition plan in 2020 with the consolidation of its departments and disbursement of funds.



### **3. Increase and enhance practical support and expertise provided to strategic partners to safeguard and continue the process of effective and efficient aid delivery**

- In line with the trustees' decisions and the ongoing mission, Interpal will continue to support other organisations working for Palestine through its knowledge and expertise in the coming years whilst it continues its own focus on raising awareness and advocacy.

### **4. Maintain Interpal's reputation as a specialist organisation within the sector and continue to seek legal recourse to address its own challenges and those faced by organisations working to support Palestinian human rights.**

- Despite the impact of the Covid 19 Pandemic, ongoing harassment by anti-Palestinian groups and the closure of its bank account, the charity succeeded in ensuring its beneficiaries did not suffer due to a disruption of aid.
- It has cemented its reputation as an expert in aid delivery to the occupied territories, Lebanon and Jordan and has used this expertise to support other organisations.
- The trustees have continued to work closely with its legal representatives to find avenues to address obstacles and help address the glaring injustices the charity (and others) have faced. The trustees are confident that finding solutions is possible and will continue to ensure the legacy of the charity and its place in the charity landscape.

### **Future Plans:**

- Continue and strengthen advocacy and awareness raising work to support Palestinian human rights.
- Provide expertise and capacity building support to other organisations working to provide humanitarian aid for Palestinians in need.
- Continue to challenge the actions of the anti-Palestinian lobby and help improve the environment for Palestine focused organisations.

## **FINANCIAL REVIEW**

### **Income**

Interpal's total income for 2020 amounted to £2,550,810 (2019: £5,542,114); a significant decrease of income from the previous year can be attributed to the loss of banking facilities in May 2020 and the impact of the Covid 19 Pandemic.

Donations amounted to 100% of the total income, all raised from within the UK, highlighting the ongoing loyalty and support of donors and Interpal's fundraising activities in 2020.

### **Expenditure**

The total amount expended in 2020 was £6,766,692 (2019: £6,195,312). The amount spent includes funds carried forward from the previous year.

Humanitarian aid, namely food and financial assistance, continues to be the principal category of allocation of funds, representing 62% of the total charitable expenditure; 3% was allocated for the support of Medical Aid, 32% on Community Development Programmes, 2% in support of Education and 1% on Advocacy and Awareness programmes.

In total, 64% of the total amount expended was allocated to the West Bank and Gaza Strip, 16% to Jordan, 18% to Lebanon and 2% for the UK and other areas.

The sum of £69,290 (2019: £462,214) was spent on raising funds. This significant decrease in expenditure is mainly due the Covid-19 lockdown and reduced operational costs. See Note 6 for details.

All the indirect and overhead operational costs of the central function to ensure delivery of the charity's objectives have been apportioned to charitable and fundraising activities in proportion to the direct expenditure incurred (see notes 8 and 9).

### **Investment Policy**

The trustees retain the authority to invest in such assets as they see fit. In practice, investment activity is restricted to the investment of surplus cash funds, consisting of short-term deposits placed with the charity's bankers. There were no investments in the accounting year.

### **Reserves and Funds Carried Forward**

In line with the new Modus Operandi of the charity the reserves policy was revised to be aligned with planned changes to operational costs. The charity's financial records state that unrestricted funds of £535,964 are carried forward into 2021. The trustees are confident this ensures the charity as a going concern for more than 12 months.



### **Restricted and Unrestricted Funds**

Interpal's income is best described as unrestricted funds, expendable at the discretion of the trustees in furtherance of the objects of the charity. Interpal has a system to record the specifics of the donations received; this is for administrative purposes in order to facilitate the proper dispensation of the moral obligations of the Trust, as well as the religious obligations of its donors.

### **Going Concern**

The trustees consider the loss of access to banking facilities in May 2020 to be key material uncertainty that may affect the Trust's ability to continue as a going concern. Whilst acknowledging this as material uncertainty, the trustees have reviewed the organisation's financial position, level of reserves, financial and risk management and are satisfied that the funds available are sufficient for the year ahead. The trustees continued to implement the transition plan to safeguard the charity's beneficiaries and its legacy. This refocus and adapting of the charity on supporting Palestinians in need via its expertise and as a trusted source of information and support will ensure the continuity of the charity. The financial arrangements in place meet any immediate operational requirements and in line with the revised modus operandi there are minimal projected costs in the future. It should be noted that all current assets have been safeguarded and are being delivered as per our usual charitable expenditure process. The Board of Trustees continues to adopt the going concern basis in preparing the accounts.

### **Statement of Trustees' Responsibilities in Relation to the Financial Statements**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with 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).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. 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 trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of Information to Auditors**

The trustees confirm that as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware. Each of the trustees has confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Approved by the Board of Trustees and signed on behalf of the Board:

A handwritten signature in blue ink, appearing to be 'ESS', enclosed within a large, loopy oval shape.

**Dr Essam Mustafa – Board of Trustees**  
**Date: 30 October 2021**

**PALESTINIANS RELIEF AND DEVELOPMENT FUND – INTERPAL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31st DECEMBER 2020**

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## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PALESTINIANS RELIEF AND DEVELOPMENT FUND – INTERPAL**

### **Opinion**

We have audited the financial statements of Palestinians Relief and Development Fund – Interpal (the “Charity”) for the year ended 31<sup>st</sup> December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31<sup>st</sup> December 2020 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 Charities Act 2011.

### **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 financial statements* section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

### **Material uncertainty related to going concern**

We draw attention to note 1(c) in the financial statements which indicates the closure of the Charity's bank account during the year. The Charity has been unable to open another bank account due to its designation in the US and its donation income, since the account closure, has declined significantly. We believe the Charity's ability to fundraise and continue its charitable operations is extremely limited without access to banking facilities.

We believe these events and conditions, indicate that a material uncertainty exists that may cast significant doubt on the Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **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 Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

*The extent to which the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- We enquired of the management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We identified the laws and regulations applicable to the charity through discussions with the management, and from our commercial knowledge and experience of the charity sector, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity.
- We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We inspected the minutes of meetings of the Board of Trustees and the Executive Committee.
- We reviewed any reports made to the Charity Commission and any correspondence with the Charity's legal and PR advisors.
- We inquired of management of any complaints raised by donors, beneficiaries, employees in the UK and in the areas of operation abroad.
- We agreed the financial statement disclosures to underlying supporting documentation.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments to identify unusual transactions and investigated significant transactions that are unusual or those outside the normal course of business.

There are inherent limitations in our audit procedures described above. There is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management and the inspection of



regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 Charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustees 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

M AKRAM 

M Akram & Co  
Statutory Auditor  
Chartered Accountants  
413 Lea Bridge Road  
London  
E10 7EA

Date: 30/10/2021

**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

	Notes	2020 (£)	2019 (£)
<b>Income from:</b>			
Donations	3	2,550,681	5,471,873
Charitable activities	4	-	64,081
Investments	5	129	6,160
		-----	-----
<b>Total income</b>		<b>2,550,810</b>	<b>5,542,114</b>
		=====	=====
<b>Expenditure on:</b>			
Raising funds	6	69,290	462,214
Charitable activities	7	6,697,402	5,733,098
		-----	-----
<b>Total expenditure</b>		<b>6,766,692</b>	<b>6,195,312</b>
		=====	=====
<b>Net expenditure</b>		<b>(4,215,882)</b>	<b>(653,198)</b>
<b>Reconciliation of funds:</b>			
<b>Total funds brought forward</b>		<b>4,751,846</b>	<b>5,405,044</b>
		-----	-----
<b>Total funds carried forward</b>		<b>535,964</b>	<b>4,751,846</b>
		=====	=====

There are no recognised gains and losses other than those passing through the statement of financial activities. All income and expenditure are derived from continuing activities.

The notes on pages 19-29 form an integral part of these financial statements.

## BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER 2020

	Notes	2020 (£)	2019 (£)
<b>Fixed assets</b>			
Tangible assets	10	26,669	39,106
<b>Current assets</b>			
Debtors	11	590,595	3,083,517
Cash at bank and in hand		63,883	1,800,426
		-----	-----
<b>Total current assets</b>		<b>654,478</b>	<b>4,883,943</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(145,183)	(171,203)
		-----	-----
<b>Net current assets</b>		<b>509,295</b>	<b>4,712,740</b>
		=====	=====
<b>Net assets</b>		<b>535,964</b>	<b>4,751,846</b>
		=====	=====
<b>Funds of the Charity</b>			
Unrestricted funds	13	535,964	4,751,846
		=====	=====

The financial statements were approved by the Board of Trustees and signed on their behalf by:



Dr Essam Mustafa

Member of the Board of Trustees

Date: 30 October 2021



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

	<b>Notes</b>	<b>2020 (£)</b>	<b>2019 (£)</b>
Net cash used in operating activities	14	(1,735,211)	(158,595)
Cash flows from investing activities:			
Purchase of fixed assets		(1,332)	(4,213)
		-----	-----
Net cash used in investing activities		(1,332)	(4,213)
		=====	=====
Change in cash and cash equivalents in the year		(1,736,543)	(162,808)
Cash and cash equivalents brought forward		1,800,426	1,963,234
		-----	-----
Cash and cash equivalents carried forward	15	63,883	1,800,426
		=====	=====

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

### **1. ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the year, are set out below.

#### **a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with 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) - (Charities SORP FRS 102) (as updated through second edition - October 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

#### **b) Public benefit entity**

The charity constitutes a public benefit entity as defined by FRS 102.

#### **c) Going concern**

The charity's bank account was closed in May 2020 and the trustees consider this to be a key material uncertainty that may affect the Trust's ability to continue as a going concern. The trustees have reviewed the organisation's financial position, level of reserves, financial and risk management and are satisfied that the funds available are sufficient for the year ahead. The financial arrangements in place meet any immediate operational requirements and in line with the revised *modus operandi* there are minimal projected costs in the future.

The Board of Trustees continues to adopt the 'going concern' basis in preparing the account.

#### **d) Fund accounting**

Where specific donations and other income are received for a particular charitable purpose, these are allocated to a restricted fund and expenditure incurred for that purpose is applied against the fund. The charity had no restricted funds in either 2020 or 2019. Interpal's incoming resources are best described as unrestricted funds, expendable at the discretion of the trustees in furtherance of the objects of the charity. Interpal has set up a system to record the specifics of the donations received; this is for administrative purposes in order to facilitate the proper dispensation of the moral obligations of the Trust, as well as the religious obligations of its donors.

#### **e) Income recognition**

All income is recognised once the charity has an entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations and grants are recognised in the period in which the charity is entitled to receipts where the amount can be measured reliably. The income from charitable and fundraising activities are shown gross with the associated costs included in expenditure.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2020

### Note 1(e) Continued:

Gifts in kind such as fixed assets donated to the charity are recognised as donations and are included at the value to the charity where this can be quantified.

Investment profits on funds held on deposits are included when receivable and the amount can be measured reliably by the charity; this is normally upon the notification of the profit paid by the bank.

Government grants in relation to Coronavirus Job Retention Scheme (CJRS) and grants from local authorities are recognised when the grant proceeds are received or receivable.

### f) Volunteers and other donated services

The charity has not received any donated services and facilities during the year. The value of the time and services provided by volunteers is not incorporated into these financial statements in accordance with the Charities SORP FRS 102.

### g) Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on accrual basis. Funds expended are allocated to the particular activity where the cost relates directly to that activity. However, the indirect and overhead costs of the central function including the operational and support costs have been apportioned to the charitable and fundraising activities in proportion to the direct expenditure incurred. Expenditure incurred on raising funds relates to the costs expended on attracting donations and other fundraising costs including printing, mailing and donation processing charges. Charitable expenditure comprises of those costs incurred by the charity in the delivery of its aid programme for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

### h) Tangible fixed assets

Tangible fixed assets costing more than £200 are capitalised and included at cost, including any incidental expenses of acquisition. Depreciation is provided, after taking account of any grants receivable, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a reducing balance basis over the expected useful life, as follows:

Fixtures, fittings and equipment	25% per annum on reducing balance basis
Overseas Assets	10%-25% per annum on reducing balance basis



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

### **i) Taxation**

As a registered charity there is no liability to tax. Irrecoverable VAT is not analysed separately and is charged to the statement of financial activities when the expenditure to which it related is incurred and is allocated as part of the expenditure to which it relates. Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable.

### **j) Pension scheme**

The charity operates a defined contribution scheme. Contributions to the scheme are charged to the statement of financial activities as incurred.

### **k) Foreign currencies**

Transactions in foreign currencies are translated at the rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. All differences are taken to the statement of financial activities.

### **l) Operating leases**

Rentals payable under operating leases are charged to the statement of financial activities as incurred over the term of the lease.

### **m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### **n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### **o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### **p) Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. There are no significant judgements and estimates in the financial statements.

### 3. INCOME FROM DONATIONS

	2020 (£)	2019 (£)
Donations	2,200,429	4,903,258
Covid-19 Support Grants	229,054	-
Gift Aid tax claims	121,198	568,615
	-----	-----
	<b>2,550,681</b>	<b>5,471,873</b>
	=====	=====

### 4. INCOME FROM CHARITABLE ACTIVITIES

	2020 (£)	2019 (£)
Merchandise sale	-	64,081
	-----	-----
	<b>-</b>	<b>64,081</b>
	=====	=====

The related expenditure for merchandise trading activity amounts to £0 (2019: £65,072). This is analysed within expenditure on raising funds and charitable activities.

### 5. INCOME FROM INVESTMENTS

	2020 (£)	2019 (£)
Bank deposit profit	129	6,160
	-----	-----
	<b>129</b>	<b>6,160</b>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**6. EXPENDITURE ON RAISING FUNDS**

	2020 (£)	2019 (£)
Printing, Design & Postage	18,682	81,025
Fundraising Events	40,049	260,604
Donations Processing Charges	120	773
Operational, Support & Staff Costs	10,439	119,812
	-----	-----
	69,290	462,214
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**7. EXPENDITURE ON CHARITABLE ACTIVITIES**

**Analysis by area\***

	Project Costs	Operational, Support & Staff Costs	2020	2019
			Total	Total
	£	£	£	£
West Bank & Gaza	3,644,967	646,535	4,291,502	4,370,619
Jordan	874,802	155,170	1,029,972	339,806
Lebanon	1,035,708	183,711	1,219,419	585,160
UK & other grants	132,930	23,579	156,509	437,513
	-----	-----	-----	-----
	<b>5,688,407</b>	<b>1,008,995</b>	<b>6,697,402</b>	<b>5,733,098</b>
	=====	=====	=====	=====

**Analysis by field\*\***

	Project Costs	Operational, Support & Staff Costs	2020	2019
			Total	Total
	£	£	£	£
Humanitarian Aid	3,542,619	628,380	4,170,999	3,745,876
Medical Aid	167,548	29,719	197,267	164,255
Advancement of Education	110,048	19,520	129,568	210,221
Community Development	1,828,143	324,271	2,152,414	1,260,951
Advocacy and Awareness	40,049	7,105	47,154	351,795
	-----	-----	-----	-----
	<b>5,688,407</b>	<b>1,008,995</b>	<b>6,697,402</b>	<b>5,733,098</b>
	=====	=====	=====	=====

\*The charity has developed a delivery mechanism which includes working with strategic and trust partners in its areas of operation. All partner charities are chosen subject to due diligence procedures and regular monitoring in line with Interpal's Operations Manual. Due to Interpal's unique position, to protect partner charities their names are not disclosed.

\*\*\*\***Humanitarian Aid:** provision of relief and emergency including financial assistance through the financial assistance and seasonal support during the Ramadan and Qurbani periods; **Advancement of Education:** involves the sponsorship of needy students and grants to educational institutions and projects; **Medical Aid:** includes the provision of medical supplies, equipment and subsidies for treatment costs; **Community Development:** includes community initiatives such as capacity building for organisations, job creation and vocational programmes; **Advocacy & Awareness:** involves various events or campaigns throughout the UK to raise awareness about the humanitarian crisis affecting Palestinians.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**8. OPERATIONAL AND SUPPORT COSTS**

	2020 (£)	2019 (£)
IT costs	25,073	53,329
Premises rentals and overheads	181,719	361,162
Outsourced support services	17,543	44,104
Motor and travel expenses	6,474	31,492
Depreciation	13,769	18,821
Exchange loss	2,227	72,152
Accountancy fee	11,420	15,000
Auditor's remuneration	6,500	10,320
Trustees' travel & subsistence	1,047	2,252
Loss on disposal of fixed assets	-	2,437
	<b>265,772</b>	<b>611,069</b>
	=====	=====

**ALLOCATION OF OPERATIONAL AND SUPPORT COSTS**

These charitable operations and support costs refer to funds expended to deliver aid programmes and fulfil the objectives of the charity. These include central function costs and have been apportioned to charitable and fundraising activities in proportion to the direct expenditure incurred.

**9. STAFF COSTS**

	2020 (£)	2019 (£)
Staff Wages & Salaries	690,490	912,787
Staff Training and Welfare	174	171
Employer's National Insurance Contributions	50,053	65,471
Pension Costs	12,945	16,418
	<b>753,662</b>	<b>994,847</b>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020

Note 9 Continued:

### ANALYSIS OF STAFF COSTS

Staff by Department	2020 No.	2019 No.
Fundraising & PR	17	31
Operational & Support	17	17
	-----	-----
	34	48
	=====	=====

The average number of employees during the year was 34 (2019 - 48). No employees had emoluments over £60,000 during the year (2019 - None).

The remuneration and benefits received by the key management personnel during the year amounted to £193,744 (2019 - £188,961). This included salaries and pension costs payable to the Executive Manager and six (2019 –five) senior staff responsible for the operational delivery of the aid programmes and the fundraising.

These costs have been allocated to the charitable aid programmes and fundraising activities on the basis of the proportion of direct expenditure incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**10. TANGIBLE FIXED ASSETS**

	Fixtures, Fittings & Equipment (£)
<b>Cost</b>	
At 1 <sup>st</sup> January 2020	305,814
Additions	1,332
	-----
<b>At 31<sup>st</sup> December 2020</b>	<b>307,146</b>
	=====
<b>Depreciation</b>	
At 1 <sup>st</sup> January 2020	266,708
Charge for the year	13,769
	-----
<b>At 31<sup>st</sup> December 2020</b>	<b>280,477</b>
	=====
<b>Net Book Value</b>	
At 31 <sup>st</sup> December 2020	26,669
	=====
At 31 <sup>st</sup> December 2019	39,106
	=====

**11. DEBTORS**

	2020 (£)	2019 (£)
GAD Tax recoverable	-	916,109
Prepayments	6,969	10,287
Other Debtors	446,086	962,925
Allocated funds for the field	137,540	1,194,196
	-----	-----
	<b>590,595</b>	<b>3,083,517</b>
	=====	=====

Allocated Funds for the Field are funds which have been securely delivered to trust partners to be expended in due course in accordance with the trustees' wishes as per the decision making process.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**12. CREDITORS: amounts falling due within one year**

	2020 (£)	2019 (£)
Other taxes & social security	12,590	13,953
Accruals	15,107	35,640
Other creditors	117,486	121,610
	-----	-----
	<b>145,183</b>	<b>171,203</b>
	=====	=====

**13. RECONCILIATION OF MOVEMENTS ON UNRESTRICTED FUNDS**

	2020 (£)	2019 (£)
Total funds brought forward	4,751,846	5,405,044
Income	2,550,810	5,542,114
Expenditure	(6,766,692)	(6,195,312)
	-----	-----
<b>Total funds carried forward</b>	<b>535,964</b>	<b>4,751,846</b>
	=====	=====

**14. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2020 (£)	2019 (£)
Net expenditure	(4,215,882)	(653,198)
Depreciation	13,769	18,821
Decrease in debtors	2,492,922	442,910
Increase/(decrease) in creditors	(26,020)	30,435
Loss on disposal of fixed assets	-	2,437
	-----	-----
<b>Net cash used in operating activities</b>	<b>(1,735,211)</b>	<b>(158,595)</b>
	=====	=====



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**

**15. ANALYSIS OF CHANGE IN NET FUNDS**

	At 1 <sup>st</sup> January 2020 (£)	Cash flow movement (£)	At 31 <sup>st</sup> December 2020 (£)
Cash at bank and in hand	1,800,426	(1,736,543)	63,883
<b>Change in net funds</b>	<b>1,800,426</b>	<b>(1,736,543)</b>	<b>63,883</b>

**16. RELATED PARTY TRANSACTIONS AND TRUSTEES' REMUNERATION**

The trustees received no emoluments during 2020 (2019 - £nil). During the year £1,047 (2019 – £2,252) was incurred for all trustees' telephone, travel and subsistence, either by direct payment or reimbursement.

**17. COMMITMENTS UNDER OPERATING LEASES**

Total future minimum rentals payable under non-cancellable operating leases are as follows:

	<b>Land and Buildings</b>	
	<b>2020 (£)</b>	<b>2019 (£)</b>
i) Not later than 1 year	71,811	116,783
ii) Later than 1 year and not later than 5 years	52,014	123,826
	<b>123,825</b>	<b>240,609</b>