

AL KALIMA

(A company limited by guarantee)

UNAUDITED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

CHARITY NUMBER: 1079965

COMPANY NUMBER: 03693242

LEGAL AND ADMINISTRATIVE INFORMATION

31 DECEMBER 2022

TRUSTEES AND DIRECTORS:

E J Greening
J B Evans
M Tinawi

SECRETARY:

E J Greening

REGISTERED OFFICE:

7 Westbourne Gardens
Trowbridge
BA14 9AW

REGISTERED COMPANY NUMBER:

03693242 (England and Wales)

REGISTERED CHARITY NUMBER

1079965

INDEPENDENT EXAMINER:

Michael Marshall
2 Meldon Gardens
Choppington
Northumberland
NE62 5EW

BANKERS:

Lloyds plc
64 Fore Street
Trowbridge
BA14 8EU

REPORT OF THE TRUSTEES

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report and financial statements for the year ended 31 December 2022. Legal and administrative information set out on page one forms part of this report. The trustees have adopted the provisions of 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 (FRS102) (effective 1 January 2019).

Objectives and activities for the public benefit

Al Kalima seeks to advance a clear understanding of Christian belief among Muslims by the publishing and distribution of culturally relevant Christian literature and digital media.

The charity's strategic objectives are:

- To make available a translation of Scripture in Arabic understandable to Muslims and faithful to the original text
- To publish Christian books which will help Muslims understand Christian beliefs
- To place our titles in the commercial mainstream of Arabic publishing and distribution
- To use other forms of media to disseminate more widely the message of our books
- To partner with other like-minded organisations to achieve our objectives

Review of activities

The most encouraging aspect of Al Kalima's ministry continues to be the distribution of Scriptures in the Middle East. There is a great opportunity at the moment, but one not without risk. The boldness of some believers has led to some opposition, but we are encouraged by the cooperation between the local Bible Society and these believers from a Muslim background.

Al Kalima would like to be able to support the new believers, but sometimes a church will be more truly indigenous if it has little outside influence. God is more than able to complete his work.

In other places, we are encouraged by the impact that our books are having in prisons. In a N. African country distribution is undertaken by those who would not think of themselves as followers of Christ, but believe in the positive impact of True Meaning. We pray that our friends distributing, as well as the readers in prisons, would come to meet the Saviour.

Our founder, Mazhar Mallouhi, continues to travel between his home in Australia and the Middle East. His energy is an inspiration to us all. Mazhar's network of contacts, built up over decades will be hard to keep going without him, but we seek to perpetuate his legacy through the work he has inspired.

To keep Al Kalima going we are conscious of the need to find younger trustees. We will also new sources of funding, which are not necessarily linked to Mazhar, and his network of friends in the USA.

During 2022 we released more chanted Scripture, added to the existing audio in YouVersion app. There are plans to record the Gospel of Mark in chanted Scripture, which will be an exciting development.

In print publications, January 2023 saw the publication of Luke in Arabic/English. We are exploring possibilities of printing this in several locations.

Financial review

Al Kalima continues to receive funding from partners for key projects. Over \$90,000 was received for Scripture distribution in Syria and other places. Other projects which are ongoing, chanted Scriptures and Tanara-Jazara were also fully funded.

The charity had a cash position of over \$54,000, although a significant portion of that has been spent in the early part of 2023. Overheads are always kept to a minimum as volunteers working from home carry out the administrative functions of the charity.

Reserves policy

Our reserves policy is such that the charity normally pays its expenses in cash and has no long-term liabilities. We aim to keep a reserve of about \$7,000 US dollars or £5,000 to meet any unforeseen expenses

Statement of trustees' responsibilities

Company law 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 company and of the surplus or deficit of the company for that period. In preparing those financial statements, the trustees are required to:-

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgement and estimates that are reasonable and prudent;
- (c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Accounting and Reporting by Charities Statement of Recommended Practice. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees and signed on its behalf by:

E J Greening

ACCOUNTANT'S REPORT TO THE TRUSTEES ON THE UNAUDITED ACCOUNTS OF AI KALIMA

I report on the accounts for the year ended 31 December 2022 set out on pages vii to x.

Respective responsibilities of directors and reporting accountant

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year (under Section 144(2) of the Charities Act 2011) and that an independent examination is required. The statements have been prepared in compliance with the Charities Act 2011, the Companies Act 2006, and FRS 102 (2016) as the applicable accounting standards and the 2016 version of Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102).

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with Section 386 and 387 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Sections 394 and 395 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Michael Marshall

25 August 2023

Statement of Financial Activities
for the year ended 31 December 2022

				2022	2021
	Notes	Unrestricted \$	Restricted \$	Total funds \$	Total funds \$
Income from:					
Donations and legacies	1	34,497	124,599	159,096	106,068
Charitable activities (sale of books)		401	-	401	689
Total Incoming Resources		<u>34,898</u>	<u>124,599</u>	<u>159,497</u>	<u>106,757</u>
Expenditure on:	1				
<i>Charitable activities</i>		16,374	121,648	138,022	93,054
Total		<u>16,374</u>	<u>121,648</u>	<u>138,022</u>	<u>93,054</u>
Net (outgoing)/incoming resources before transfers		18,524	2,951	21,475	13,703
Transfers between funds		(424)	424	-	-
Net income/(expenditure) for the year		<u>18,100</u>	<u>3,375</u>	<u>21,475</u>	<u>13,703</u>
Total funds brought forward		<u>(7,391)</u>	<u>39,949</u>	<u>32,558</u>	<u>18,855</u>
Total funds carried forward		<u>10,709</u>	<u>43,324</u>	<u>54,033</u>	<u>32,558</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages vii to x form part of these accounts.

Balance Sheet as at 31 December 2022

	Notes	2022 \$	2021 \$
Current assets	3		
Cash at bank and in hand		54,152	36,638
Creditors: Amounts falling due within one year			
Accrued expenses		<u>(119)</u>	<u>(4,080)</u>
Net current assets		54,033	32,558
Funds			
Unrestricted funds		10,709	(7,391)
Restricted funds		<u>43,324</u>	<u>39,949</u>
Total charity funds		<u>54,033</u>	<u>32,558</u>

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 5 September 2023 and signed on their behalf by:

Approved on behalf of the trustees:

J B Evans

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The notes on pages x and xi form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

- 1. Accounting policies** The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:
- (a) **Basis of Accounting**
The financial statements have been prepared under the historic 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Additional disclosures have been provided at the discretion of the directors.
The company is a public benefit entity within the meaning of FRS 102.
- (b) **Going concern**
The company is dependent upon voluntary donations and upon volunteer time. The balance sheet remains strong with net assets of over \$54,000. The directors consider that the company is a going concern.
- (c) **Voluntary income** is received by way of donations and is included in the Statement of Financial Activities when received.
- (d) **Resources expended** are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.
- i. Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- ii. Charitable expenditure comprises those costs incurred directly by the charity in the delivery of its activities and service for its beneficiaries. It includes both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.
- iii. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.
- iv. All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.
- (e) **Unrestricted funds** are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and available as general funds.
- (f) **The charity's restricted funds** are those where the donor has imposed restrictions on the use of funds.
- (g) **The company** is registered as a charity and therefore its activities are exempt from Corporation Tax. Accordingly no provision for taxation is made in these financial statements.
- (h) **The company** is limited by guarantee and does not have any share capital.
- (i) **Transactions in currencies other than the US dollar** are recorded at the rate of exchange ruling at the balance sheet date or at the date of transaction where this is known.

2. Trustees' remuneration and benefits

There were no trustees' remuneration or benefits for the year ended 31 December 2022, nor for the year ended 31 December 2021.

3. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	2022 Total funds	2021 Total funds
	£	£	£	£
Current assets	<u>10,709</u>	<u>43,324</u>	<u>54,033</u>	<u>32,558</u>

4. Statement of funds

STATEMENT OF FUNDS

Current year	At 1 January 2022 \$	Incoming resources \$	Resources expended \$	Transfers in/out \$	At 31 December 2022 \$
Unrestricted funds					
General reserve	(7,391)	34,898	16,374	(424)	10,709
Total unrestricted funds	<u>(7,391)</u>	<u>34,898</u>	<u>16,374</u>	<u>(424)</u>	<u>10,709</u>
Restricted funds:					
Tanara-Jazara	1,864	23,400	21,281	(305)	3,678
Chanting	(1,223)	1,500	1,006	729	-
Distribution	29,512	94,699	84,565	-	39,646
Imams	9,796	-	9,796	-	-
Good Friday book	-	5,000	5,000	-	-
Total restricted funds	<u>39,949</u>	<u>124,599</u>	<u>121,648</u>	<u>424</u>	<u>43,324</u>
Total funds	32,558	159,497	138,022	-	54,033
Prior year	At 1 January 2021 \$	Incoming resources \$	Resources expended \$	Transfers in/out \$	At 31 December 2021 \$
Unrestricted funds	12,282	17,538	40,902	3,691	(7,391)
Total restricted funds	6,573	89,219	52,152	(3691)	39,949
Total funds	18,855	106,757	93,054	-	32,558

Tanara-Jazara: Funds received to translate Scripture into Tunisian and Algerian Arabic and to produce audio-visual materials from the translated portions.

Chanting: Funds received to adapt Scripture passages into rhyming prose and make audio recordings of the same.

Distribution: Funds received to print and transport Scripture books for free distribution in certain Arab countries.

Imams: Funds received to print and distribute Scripture books to imams and other religious leaders.

Good Friday book: Funds received to print a book of this name.

Detailed Statement of Financial Activities
For the year ended 31 December 2022

	2022 \$	2021 \$
INCOMING RESOURCES		
Voluntary income		
Donations	159,096	106,068
Charitable activities	<u>401</u>	<u>689</u>
Total incoming resources	159,497	106,757
RESOURCES EXPENDED		
Charitable Activities		
Translation	20,822	13,234
Recording	1,079	5,537
Digital media	704	-
Book production	97,361	31,280
Carriage	<u>4,083</u>	<u>3,421</u>
	124,049	53,472
Support costs		
Travel	5,715	8,636
Accountancy	-	2,679
Consultancy	3,600	12,890
Advertising	327	547
Web hosting	730	-
Write-off	-	11,753
Bank charges	166	585
Forex gains/losses	3,418	2,382
Sundries	<u>16</u>	<u>110</u>
	13,973	39,582
Total resources expended	<u>138,022</u>	<u>93,054</u>
Net income/(expenditure)	<u><u>21,475</u></u>	<u><u>13,703</u></u>