



**Palestine Association for Children's Encouragement of Sports
(A company limited by guarantee)**

**Charity No. 1117085
Company No. 05840150**

**TRUSTEES ANNUAL REPORT &
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
For the Year Ended 31 December 2020**

PACES
Palestine Association for Children's Encouragement of
Sports
Year ended 31 December 2020
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PACES
Palestine Association for Children's Encouragement of
Sports
Trustees' Annual Report
31 December 2020

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2020.

In this report we will refer to the Palestine Association for Children's Encouragement of Sports as "PACES".

Reference and administrative details

Company Number: 05840150

Charity Number: 1117085

Registered Office: 10 6th Floor
10 Aldersgate Street
London
EC1A 4HJ

Directors and Trustees: H A M Al Qattan
Nahed Ahmad Abusneneh
Dr M Barakat
Ghassan Nuqul
Haya M Qadoumi
Helen Al Uzaizi

Secretary: Sookias Legal Services Limited

Principal Bankers: Arab Bank Plc
Mayfair
London
SE10 9EL

Arab Bank
Al Balad Branch
PO Box 1481
Ramallah
Palestine

Auditors: Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Solicitors: Sookias & Sookias
6th Floor Napier House
24 High Holborn
London
WC1V 6AZ

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Palestine Association for Children's Encouragement of Sports

Trustees' Annual Report

31 December 2020

Structure, Governance and Management

Governing document

PACES is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7 June 2006 and last amended on 5 April 2007 and is a registered as a charity with the Charity Commission. New membership is open to individuals and organisations interested in promoting the objects of the charity provided their application is approved by the trustees and the register of members is then duly signed. There is currently one member who agrees to pay up to £10 towards the costs of dissolution in the event of the charity winding up.

Appointment of trustees, induction and training

New trustees are appointed by existing trustees. One third (or the number nearest one third) of the trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots. A retiring trustee who remains qualified may be reappointed. The trustees have learned the duties as trustees through information obtained from external consultants and the charity commission, and are responsible for the induction and training of new trustees.

Organisation

The board of trustees administers the charity. The board meets quarterly but there are also regular email and telephone discussions by the board of trustees on an informal basis.

The day to day operations of the charity are managed by two of the trustees; Nahed Abu Sneineh and Haya Qadoumi. Nahed is based in Palestine and Haya in the UK and both often travels to Palestine, Jordan and Lebanon to arrange charitable activities and develop working relationships with organisations on behalf of the charity, and to meet with individuals and corporations in order to raise funds for the charity.

In addition to this H A M Al Qattan develops working relationships with organisations on behalf of the charity, and meets with individuals and corporations in order to raise funds for the charity.

Activities in Palestine, Jordan and Lebanon are supervised by 30 (2019: 28) full-time employees and 6 (2019: 9) part-time employees who coordinate activities with clubs and between over six hundred sporting and volunteer coaches.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity and its finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks. The trustees regularly review these policies to ensure they are both up to date and effective. The trustees have considered the Covid-19 pandemic as a risk into the 2021 financial year, which is explained more fully in plans for future periods section in the Trustee Report.

Objectives and activities and how our activities deliver public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006, to have due regard to the Charity Commission's general guidance on public benefit.

The objects of the charity are:

- To provide sporting facilities and playing fields in the interest of social welfare for Palestinian children and young people living anywhere in the world in order to improve the children's conditions of life and to advance their education.
- To promote healthy recreation to Palestinian children and young people living anywhere in the world through the provision of sporting and coaching facilities.
- To promote the health and education of Palestinian children and young people living anywhere in the

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Palestine Association for Children's Encouragement of Sports

Trustees' Annual Report (continued)

31 December 2020

Objectives and activities and how our activities deliver public benefit (continued)

The main objectives for the year continue to be the provision of sporting facilities, programs and activities, and healthy recreation of Palestinian children and young people anywhere in the world.

The strategies employed to achieve the charity's objectives are:

- To offer children, on a first-come first-served basis, the opportunity to participate in our programmes at the clubs that we support in sixty-nine different locations from Jenin in the North to Gaza in the south, and at thirty-eight locations in Lebanon and Jordan. Our programmes were expanded and made more profound by the inclusion of talks to the children about social issues ranging from work-ethic, community service, hygiene, children's rights, music and the importance of academic achievement. For the older children we have added a new component: vocational training.
- To provide coaching clinics to those coaches involved in our programmes so that their abilities are improved in the hope and expectation that they will provide better coaching to the children. These clinics develop the coaches' technical abilities, along with teaching how to be better mentors and teachers. We held many workshops, for football and basketball, during which our head coaches provided intensive hands-on instructional training.
- To upgrade existing sports facilities.
- To enrol children in tournaments and clinics in Europe as means of further developing their talent and skills, and to expose them to a different culture from which they would learn: in 2007 a team of 10 boys went to Italy for a mini basketball tournament. The impact of this trip was so positive that in 2008 we took another team to Italy and two to Norway where the children's achievements surpassed all expectations. In 2009 and 2010, we took four teams to Norway and in 2010 we also took two teams to France. The teams that we took to Europe in 2010 performed very well and we took two more teams to France in the summer 2011. In 2012 we took six teams to Sweden and Austria. For 2013, we postponed plans to take team to Europe due to Ramadan falling at the same time as the tournaments, but have taken teams to Norway in July 2016 and again in July 2017. We will do so again in the summer of 2018. For 2019, we postponed attending the Norway Cup and instead organized PACES first Regional Tournament in Jordan in October of 2019 bringing together over 100 children from Palestine, Jordan, and Lebanon, in addition to their coaches and PACES staff and supporters. We did not have enough resources to plan and deliver both activities (Regional Tournament & Norway Cup) during one cycle.

Activities and achievements

The main areas of activities were sports programmes and projects in Palestine.

Our 14th program cycle was suspended due the Corona virus, but instead of sitting and doing nothing, we launched two initiatives; The Corona Emergency Response and the Beirut August 4th Port Explosion. Through these two initiatives we supported over 108,000 people with food, protective gear, shelters, medical supplies and employment. With the risks now abating, we are slowly mobilizing to start our sports programs.

Our donor base of individuals and institutions continues to expand despite the global and regional economic and political situations.

We continued to forge long-term partnerships with notable non-governmental organisations and clubs. Furthermore, we continued to expand both our donor-base of individuals and institutions who generously supported us.

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Palestine Association for Children's Encouragement of Sports

Trustees' Annual Report (continued)

31 December 2020

Financial review

PACES raised approximately £2.83m (2019: £2.65m) in donations from individuals and organisations. Expenditure was £2.66m (2019: £2.43m) which is in line with the trustees' expectations. The charity has made a surplus of the year of £163k (2019: £224k). Donations were raised mainly by direct contact of the trustees with potential donors. The charity is aware of the need to protect potentially vulnerable donors and to follow the charity fundraising guidance published by the Charity Commission.

The charity is not aware of any complaints from donors in relation to its fundraising methods in the year.

The trustees are extremely grateful to all donors for their generous contributions.

Reserves policy

The charity holds total reserves of £679k at year end, of which £255k are free reserves, being total reserves less amounts invested in tangible fixed assets and investments. The trustees have established that the level of free reserves PACES ought to have to support the overall general running of the charity should be equal to at least three months' worth of fixed expenditure. The trustees consider this policy to be adequate and it is the charity's intention to build on this reserve to support its charitable activities in the long term.

Plans for future periods

2021 will be an unusual year; we will launch our sports program while continuing with our two emergency response initiatives. The sports program will start small with an eye on any spikes in the cases. We hope to be in full-swing by early 2022. PACES had aimed to expand its programmes in 2020 and 2021 to include more clubs in a larger geographic area of Palestine. It was hoped that our programmes will expand to include other locations in Palestine and expand of the programs in Lebanon and in Jordan. Due to the coronavirus (Covid-19) situation, PACES has currently suspended the program.

The impact of Covid-19 has been considered on the charity's future plans and budgeting processes and the effect of the outbreak will be a significant risk into the December 2021 year end. The effect on this year's financial statements has been considered by the trustees throughout this report.

We aim to expand and develop our mobile coaching clinics that we will upgrade and enhance the coaching abilities of local coaches and trainers. We will continue to develop more partnerships with other NGOs that specialise in educational and social issues.

Statement of Trustees' Responsibilities

The trustees (who are also directors of PACES for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and of the incoming resources and application of resources including the income and expenditure of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and 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, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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Palestine Association for Children's Encouragement of Sports
Trustees' Annual Report (continued)
31 December 2020

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

In so far as the trustees are aware:

- a) there is no relevant audit information of which the Charitable company's auditors are unaware; and
- b) the trustees have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate 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.

Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

This report is prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Trustees



.....
H A M Al Qattan
Trustee

Date: 14/05/2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALESTINE ASSOCIATION FOR CHILDREN'S ENCOURAGEMENT OF SPORTS

Opinion

We have audited the financial statements of Palestine Association for Children's Encouragement of Sports ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 financial statements section of our report. We are independent of the charitable company 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, 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 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 financial statements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALESTINE ASSOCIATION FOR CHILDREN'S ENCOURAGEMENT OF SPORTS

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 financial statements

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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALESTINE ASSOCIATION FOR CHILDREN'S ENCOURAGEMENT OF SPORTS

implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation;
- we obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALESTINE ASSOCIATION FOR CHILDREN'S ENCOURAGEMENT OF SPORTS

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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 17/05/2021

PACES
Palestine Association for Children's Encouragement of Sports
Statement of Financial Activities
For the year ended 31 December 2020

	Note	Unrestricted funds year ended 2020 £	Restricted funds year ended 2020 £	Total funds year ended 2020 £	Unrestricted funds year ended 2019 £	Restricted funds year ended 2019 £	Total funds year ended 2019 £
Income:							
Donations & gifts	2	2,825,892	-	2,825,892	2,650,980	-	2,650,980
Total Income		<u>2,825,892</u>	<u>-</u>	<u>2,825,892</u>	<u>2,650,980</u>	<u>-</u>	<u>2,650,980</u>
Expenditure on charitable activities:							
Cost of the operation of the charity		2,662,823	-	2,662,823	2,426,545	-	2,426,545
Total Expenditure	3	<u>2,662,823</u>	<u>-</u>	<u>2,662,823</u>	<u>2,426,545</u>	<u>-</u>	<u>2,426,545</u>
Net gains/(losses) on investments	6	-	-	-	-	-	-
Net Income/(expenditure)		163,069	-	163,069	224,435	-	224,435
Reconciliation of Funds							
Total funds brought forward at 1 January 2020		515,582	-	515,582	291,147	-	291,147
Total funds carried forward at 31 December 2020		<u>678,651</u>	<u>-</u>	<u>678,651</u>	<u>515,582</u>	<u>-</u>	<u>515,582</u>

The notes on pages 13 to 18 form part of these financial statements.

There were no recognised gains or losses other than those recognised above.

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Palestine Association for Children's Encouragement of Sports

Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed Assets			
Tangible fixed assets	5	50,235	7,025
Investments	6	<u>373,430</u>	<u>373,430</u>
		423,665	380,455
Current Assets			
Debtors	7	58,841	49,436
Cash at bank and in hand		389,384	270,613
Stock		<u>-</u>	<u>165,860</u>
		448,225	485,909
Creditors: Amounts falling due within one year	8	<u>(193,239)</u>	<u>(350,782)</u>
Net Current Assets / (Liabilities)		<u>254,986</u>	<u>135,127</u>
Net Assets		<u><u>678,651</u></u>	<u><u>515,582</u></u>
Reserves			
Unrestricted funds	9	<u>678,651</u>	<u>515,582</u>
		<u><u>678,651</u></u>	<u><u>515,582</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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



H A M Al Qattan
 Trustee

Date: 14/05/2021

The notes on pages 13 to 18 form part of these financial statements.

Company No. 05840150

PACES

Palestine Association for Children's Encouragement of Sports

Statement of Cash Flows as at 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash provided by / (used in) operating activities	<u>185,122</u>	<u>134,416</u>
Cash flows from investing activities		
Purchase of fixed assets	(66,351)	(2,879)
Purchase of fixed assets investments	-	(373,430)
Net cash used in investing activities	<u>(66,351)</u>	<u>(376,309)</u>
	118,771	(241,893)
Cash and cash equivalents at the beginning of the reporting period	270,613	512,506
Cash and cash equivalents at the end of the reporting period	<u>389,384</u>	<u>270,613</u>

Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net income for the reporting period	163,069	224,435
Adjustments for:		
Investment gains/(losses)	-	-
Depreciation charges	23,141	6,065
Decrease in debtors	(9,405)	1,632
(Increase)/decrease in stock	165,860	(165,860)
Increase/(decrease) in creditors	(157,543)	68,144
Net cash provided by operating activities	<u>185,122</u>	<u>134,416</u>

Analysis of Cash and Cash Equivalents

	2020 £	2019 £
Cash in hand	389,384	270,613
Total cash and cash equivalents	<u>389,384</u>	<u>270,613</u>

Analysis of Changes in Net Debt

	At 01/01/2020	Cash flows	At 31/12/2020
Cash	270,613	118,771	389,384
Overdraft facility repayable on demand	(86,231)	86,213	(18)
	<u>184,382</u>	<u>204,984</u>	<u>389,366</u>

PACES
Palestine Association for Children's Encouragement of Sports
Notes to the Financial Statements
For the year ended 31 December 2020

1 Accounting Policies

Charity information

Palestine Association for Children's Encouragement of Sports is a company limited by guarantee incorporated and registered in England and Wales. The registered office is 10 6th Floor, 10 Aldersgate Street, London, EC1A 4HJ.

1.1 Basis of preparation

The financial statements are prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The charitable company is a public benefit entity for the purpose of FRS102 and therefore the charity's financial statements have been prepared in accordance with 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 (the FRS 102 Charities SORP) including Update Bulletin 2, the Companies Act 2006 and the Charities Act 2011.

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

The principal accounting policies, which are applied consistently, are set out below.

1.2 Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charitable company's forecasts and projections and have taken account of pressures on donation income. The founder of the charity H A M Al Qattan has confirmed he intends to continue to provide on-going support to the charity in the form of donations and/or writing off any loans made by him to the charity should it be necessary to enable the charity to meet its working capital commitments, and the level of support expected to be in line with transactions in recent years as disclosed in note 10. In making this assessment the trustees have considered the impact of Covid-19 on the ability of the charity to raise donations. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Income

Voluntary income and donations are accounted for when receivable.

Gifts in-kind are recognised when an equivalent amount has been expended. They are valued at the amount the Charity would have to pay in the open market for an equivalent item.

1.4 Expenditure

All expenses are accounted for on an accruals basis. Costs are allocated directly to the appropriate activity.

Expenditure incurred in connection with the specific objects of the charity is included under the heading charitable activities. Expenditure on Governance includes all costs relating to regulatory compliance and strategic direction of the charity.

1.5 Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, the average rate being used as an approximation to this rate. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the statement of financial activities.

PACES
Palestine Association for Children's Encouragement of Sports
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Fixed assets and depreciation

All fixed assets with a value over £500 are capitalised at cost, being their purchase cost together with any incidental expenses at acquisition, and depreciated to their estimated residual value over their estimated useful economic lives as follows:

Computer equipment	3 years straight line basis.
Fixtures & fittings	4 years straight line basis.
Leasehold improvements	4 years straight line basis.

1.8 Fixed assets investments

Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.9 Stock

Stock represents kits and equipment for distribution as part of charitable activities. Stocks are stated at the lower of cost and net realisable value. Net realisable value is assessed not only in relation to 'selling' price but also with reference to the value in distribution to the beneficiaries in order to further the objects of the charity. Stock is expensed in the reporting period in which it is distributed.

1.10 Financial instruments

The company 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 charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, 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 payments discounted at a market rate of interest.

1.11 Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

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2 Income - Donations & gifts

During the year the Charity received donations of £2,825,892 (2019 - £2,650,980). £2,545,384 (2019 - £2,573,180) was received from individuals while £280,508 (2019 - £77,800) was received from organisations.

3 Total Resources Expended

	Staff Costs 2020 £	Other Costs 2020 £	Total 2020 £	Staff Costs 2019 £	Other Costs 2019 £	Total 2019 £
Charitable Activities:						
Coordinators' remuneration	154,960	-	154,960	155,278	-	155,278
Other remuneration	936,341	-	936,341	1,433,339	-	1,433,339
Sport kits and equipment	-	-	-	-	37,251	37,251
Travel, subsistence and accommodation	-	42,725	42,725	-	94,914	94,914
Other projects	-	1,238,510	1,238,510	-	431,068	431,068
Accountancy expenses	-	5,605	5,605	-	5,830	5,830
Office costs, postage, printing stationery	-	137,127	137,127	-	125,528	125,528
Telephone	-	13,122	13,122	-	14,904	14,904
Bank charges and interest	-	4,018	4,018	-	19,306	19,306
Training	-	8,997	8,997	-	16,156	16,156
(Profit) / loss on foreign exchange	-	29,514	29,514	-	30,112	30,112
Legal costs of running the charity	-	40,509	40,509	-	42,378	42,378
Depreciation (note 5)	-	23,141	23,141	-	6,065	6,065
AFC fees	-	13,409	13,409	-	-	-
Audit (excluding VAT)	-	12,150	12,150	-	11,580	11,580
Audit (irrecoverable VAT and under/(over) accrual provisions)	-	2,695	2,695	-	2,836	2,836
	<u>1,091,301</u>	<u>1,571,522</u>	<u>2,662,823</u>	<u>1,588,617</u>	<u>837,928</u>	<u>2,426,545</u>

The average number of staff employed during the year was 36 (2019 - 36).

Staff costs	2020	2019
<i>Staff on UK payroll</i>		
Wages and salaries	87,252	66,520
Social security costs	10,828	7,698
Pension costs	-	586
	<u>98,080</u>	<u>74,804</u>
Other salary costs	<u>993,221</u>	<u>1,513,813</u>
	<u>1,091,301</u>	<u>1,588,617</u>

During the year there was 2 employees whose remuneration exceeded £60,000:-

	2020	2019
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	-

No trustees were reimbursed for expenses in 2020 (2019: nil)

The Charity considers its key management personnel to be its trustees. Transactions with trustees and other related parties are disclosed in note 10.

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4 Auditor's remuneration				2020	2019
				£	£
Audit (excluding VAT)				11,600	11,280
Other services (excluding VAT)				2,105	1,940
				<u>13,705</u>	<u>13,220</u>
5 Tangible fixed assets					
	Computer Equipment	Leasehold Improvements	Fixtures & Fittings	2020 £	
Cost					
At 1st January 2020	18,195	-	-	18,195	
Additions	5,858	43,048	17,445	66,351	
Disposals	-	-	-	-	
	<u>24,053</u>	<u>43,048</u>	<u>17,445</u>	<u>84,546</u>	
At 31st December 2020					
At 1st January 2020	11,170	-	-	11,170	
Charge for the year	8,018	10,762	4,361	23,141	
Deprecation on disposal	-	-	-	-	
	<u>19,188</u>	<u>10,762</u>	<u>4,361</u>	<u>34,311</u>	
At 31st December 2020					
Net Book Value					
At 31st December 2020	<u>4,865</u>	<u>32,286</u>	<u>13,084</u>	<u>50,235</u>	
At 31st December 2019	<u>7,025</u>	<u>-</u>	<u>-</u>	<u>7,025</u>	
6 Investments				2020	2019
				£	£
Brought forward				373,430	-
Additions				-	373,430
Disposals				-	-
Unrealised gains/(losses)				-	-
				<u>373,430</u>	<u>373,430</u>
Carried forward					

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7 Debtors	2020	2019
	£	£
Gift aid	45,806	31,901
Prepayments	10,465	11,904
Other debtors	2,570	5,631
	<u>58,841</u>	<u>49,436</u>
8 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	8,888	63,308
Accruals	26,998	198,210
Bank overdrafts	18	86,231
Taxation and social security creditors	2,786	3,033
Grants payable	154,549	-
Amounts due to Trustee for loan (note 10)	-	-
	<u>193,239</u>	<u>350,782</u>

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9 Unrestricted Funds

	1 January 2020 £	Incoming Resources £	Resources Expended £	31 December 2020 £
General Fund	<u>515,582</u>	<u>2,825,892</u>	<u>(2,662,823)</u>	<u>678,651</u>
Total Unrestricted Funds	<u>515,582</u>	<u>2,825,892</u>	<u>(2,662,823)</u>	<u>678,651</u>

	1 January 2019 £	Incoming Resources £	Resources Expended £	31 December 2019 £
General Fund	<u>291,147</u>	<u>2,650,980</u>	<u>(2,426,545)</u>	<u>515,582</u>
Total Unrestricted Funds	<u>291,147</u>	<u>2,650,980</u>	<u>(2,426,545)</u>	<u>515,582</u>

10 Related Party Transactions

H A M Al Qattan (trustee) loaned the charity nil (2019: £nil) and donated £1,510,324 (2019 - £2,084,354) in the year. The amount due to the H A M Al Qattan at the balance sheet date was £nil (2019 - £nil).

The charity's trustee Haya Qadoumi received remuneration of £87,252 (2019: £66,520) during the year. The charity's trustee Nahed Ahmad Abusneneh received remuneration of £56,880 (2019: £57,603) during the year.

No other trustee received any remuneration in the financial year.

11 Members liability

The charitable Company is limited by guarantee and each of the members is bound to contribute a sum not exceeding £10 as may be required, in the event of the winding up of the Charity.

12 Taxation

As a charity, Palestine Association for Children's Encouragement of Sports is exempt on income and gains falling within Section 466-493 of the Corporation Tax Act 2010 to the extent that they are derived from charitable activities.

13 Capital Commitments

There were no capital commitments not provided for in the financial statements for the year ended 31 December 2020 (2019: nil)