

Charity registration number 1160782

Company registration number 07473153 (England and Wales)

GNANAM FOUNDATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

GNANAM FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Aiadurai Sivasamy Premananthan (Trustee and Secretary) Allirajah Subaskaran Dr. Ravikumar Muthukaluvan
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Secretary	Aiadurai Sivasamy Premananthan
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Charity number	1160782
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Company number	07473153
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Principal address/Registered office	3rd Floor Walbrook Building 195 Marsh Wall London E14 9SG
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Independent Auditors	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ
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Bankers	ICICI Bank UK PLC 1 Thomas More Square London E1W 1YN
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GNANAM FOUNDATION

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GNANAM FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees present their annual report and financial statements for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

The aims and objectives are the provision of financial support to charities in the United Kingdom and elsewhere which work to improve the lives of vulnerable and marginalized groups. The charity achieves these aims by making grants to charities registered in the United Kingdom and to institutions carrying out projects consistent with its charitable purposes in Sri Lanka.

Public Benefit

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake. This was achieved by funding support provided to institutions both in and outside the United Kingdom working to improve the lives of vulnerable and marginalised groups.

Grant policy

The Trustees have implemented a grant making policy. The Trustees decided that their initial focus would be the provision of grant funding to charities working in United Kingdom, Sri Lanka, India, Nigeria, Tanzania, Philippines, Romania and Sudan to alleviate poverty.

The charity will not carry out projects in its own right but rather, will make grants to charities that have identified individuals who require assistance.

An applicant charity must provide the charity with evidence that its intended beneficiaries are people in poverty without the means to otherwise improve their standard of living.

The charity will have a strict procedure in place in relation to funding UK charities operating overseas. A potential grant application will detail the history behind the project and how it would benefit the people and how much it would cost. The charity will monitor expenditure to ensure that its funds are spent correctly, to assess the impact of the work carried out and ensure that funds are used in furtherance of the charity's charitable purposes.

Through its due diligence and monitoring procedures, the Trustees will ensure that its funding is used for its charitable purposes and in compliance with all applicable UK laws and regulations.

Achievements and performance

The charity made grants in the year under review of £448,794 as detailed in note 5.

GNANAM FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial review

The net expenditure for the year was £77,557 (2022- £11,147).

The total income received was £421,500 (2022- £654,000) consisting of donations from connected parties (see note 11). The decrease in total income received is attributable to the decrease in requests for donations received from connected and third parties (see note 3).

Total expenditure was £499,057 (2022- £665,147). The decrease resulted from a lower level of grants made during the year. Support and other costs rose by the sum of £6,524 (15%) to £50,263 (see note 4).

Going Concern

The charity has reported a net expenditure for the year of £77,557 (£11,147; 31 December 2022) and as at 31 December 2023, it has net liabilities of £21,750 (net assets of £55,806; 31 December 2022). The Trustees have assessed a cash projection for at least 12 months from the date of signed financial statements for year ending 31 December 2023 and concluded that whilst most of the charity costs are discretionary, there is still a potential for a net cash outflow due to possible timing differences with regards to donations from Lycamobile UK Limited (largest donor of the charity and a company where Aiadurai Sivasamy Premananthan and Allirajah Subaskaran are the directors who are also the Trustees of Gnanam Foundation). Allirajah Subaskaran as a Trustee has therefore confirmed a continuous financial support to the charity to meet the cash requirements confirmed formally through a letter of support for at least 12 months from the date of signed financial statements for year ending 31 December 2023. This is to avoid any possible scenarios of a net cash deficit. Based on this, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at least 12 months from the date of signed financial statements.

The financial support from the Trustee is not legally binding. The largest single donor of the charity, Lycamobile UK Limited, is currently in dispute with HMRC in relation to a tax matter. The Trustees have formed a view that the matter is unlikely to be resolved within the next two years. Due to the significance of the dispute, whilst the Trustees are confident that alternative sources of donations could be arranged if required through support from the Trustee, there are uncertainties present in this regard which indicate that a material uncertainty exists that may cast doubt on the charity's ability to continue as a going concern.

Reserves policy

The Trust has no set reserves policy and relies on the continuing support of the Trustees and their connections to operate going forward which they have indicated will be forthcoming.

Structure, governance and management

The charity is a company limited by guarantee and was set up by memorandum and articles of association. The charity was formally registered with the Charity Commission on 9 May 2015.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Aiadurai Sivasamy Premananthan

Allirajah Subaskaran

Christopher Donald Michael Tooley (Resigned 1 November 2023)

Dr. Ravikumar Muthukaluvan

Farokh Engineer (Resigned 31 July 2023)

Mohammed Abdul Mavidul Malique (Resigned 31 July 2023)

GNANAM FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Recruitment and appointment of trustees

The power of appointment of new Trustees is vested in the serving Trustees. It is the policy of the charitable company to provide any new Trustees appointed with background information regarding its affairs, including accounts, in order that they can obtain a sufficient level of knowledge to enable them to perform their roles effectively. Further training will be provided as this is considered appropriate.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The day to management of the charity is carried out by the Trustees. Projects are specifically assigned to individual Trustees for their review and monitoring.

Auditor

In accordance with the company's articles, a resolution proposing that Gerald Edelman LLP be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

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

The Trustees' report was approved by the Board of Trustees.



Aladurai Sivasamy Premananthan
Trustee

Date: 09/12/2024

GNANAM FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees, who are also the directors of Gnanam Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with company law and United Kingdom Accounting Standards (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 incoming resources and application of resources of the charity for that year.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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.

GNANAM FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF GNANAM FOUNDATION

Opinion

We have audited the financial statements of Gnanam Foundation (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 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 1.2 in the financial statements which indicates that the charity is dependent on financial support from the Trustee to meet the cash requirements for at least 12 months from the date of signed financial statements for year ending 31 December 2023. The financial support from the Trustee is not legally binding. The largest single donor of the charity, Lycamobile UK Limited, is currently in dispute with HMRC in relation to a tax matter. In this context, whilst the Trustees are confident that alternative sources of donations could be arranged as required through support from the Trustee, there are uncertainties present in this regard. As stated in note 1.2, these events or 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.

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

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and 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.

GNANAM FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF GNANAM FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 financial statements is inconsistent in any material respect with the Trustees' report; 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 Trustees

As explained more fully in the statement of Trustees' responsibilities, 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 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 section 144 of the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our audit procedures were primarily directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements for the year ended 31 December 2023.

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

GNANAM FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF GNANAM FOUNDATION

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud, as part of our discussion, we identified potential for fraud in the following areas; posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the charity operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included the Charities Act.

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including testing of journal entries for appropriateness.
- Assessed whether judgements and assumptions made in determining the accounting estimates such as properties valuation were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Reviewing minutes of meetings of those charged with governance.
- Enquiring of management as to actual and potential litigation claims.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the trustees.

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

GNANAM FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF GNANAM FOUNDATION

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Talha Farrukh FCCA, ACA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman LLP**

**Chartered Accountants
Statutory Auditor**



09/12/2024

73 Cornhill
London
EC3V 3QQ

Gerald Edelman LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

GNANAM FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

		Unrestricted funds Total	Unrestricted funds Total
	Notes	2023 £	2022 £
Income from:			
Donations and legacies	3	421,500	654,000
Expenditure on:			
Charitable activities	4	(499,057)	(665,147)
Net expenditure for the year		<u>(77,557)</u>	<u>(11,147)</u>
Reconciliation of funds:			
Brought forward		55,807	66,954
Carried forward		<u>(21,750)</u>	<u>55,807</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 11 to 16 form part of these financial statements.

GNANAM FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	9	30,000		67,868	
Cash at bank and in hand		2,350		3,146	
		32,350		70,814	
Creditors: amounts falling due within one year	10	(54,100)		(15,008)	
Net current (liabilities)/assets			(21,750)		55,806
Net (liabilities)/assets			(21,750)		55,806
Funds					
Unrestricted funds			(21,750)		55,806

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2023, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements were approved by the Trustees on


Aladurai Premnathan
Trustee

09/12/2024

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity information

Gnanam Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 3rd Floor, Walbrook Building, 195 Marsh Wall, London E14 9SG.

1.1 Accounting convention

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

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The charity has reported a net expenditure for the year of £77,557 (£11,147; 31 December 2022) and as at 31 December 2023, it has net liabilities of £21,750 (net assets of £55,806; 31 December 2022). The Trustees have assessed a cash projection for at least 12 months from the date of signed financial statements for year ending 31 December 2023 and concluded that whilst most of the charity costs are discretionary, there is still a potential for a net cash outflow due to possible timing differences with regards to donations from Lycamobile UK Limited (largest donor of the charity and a company where Aladurai Sivasamy Premananthan and Allirajah Subaskaran are the directors who are also the Trustees of Gnanam Foundation). Allirajah Subaskaran as a Trustee has therefore confirmed a continuous financial support to the charity to meet the cash requirements confirmed formally through a letter of support for at least 12 months from the date of signed financial statements for year ending 31 December 2023. This is to avoid any possible scenarios of a net cash deficit. Based on this, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at least 12 months from the date of signed financial statements.

The financial support from the Trustee is not legally binding. The largest single donor of the charity, Lycamobile UK Limited, is currently in dispute with HMRC in relation to a tax matter. The Trustees have formed a view that the matter is unlikely to be resolved within the next two years. Due to the significance of the dispute, whilst the Trustees are confident that alternative sources of donations could be arranged if required through support from the Trustee, there are uncertainties present in this regard which indicate that a material uncertainty exists that may cast doubt on the charity's ability to continue as a going concern.

1.3 Charitable funds

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

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalized and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

In accordance with the Charities SORP 2019 and FRS 102, the general volunteer time of the Friends is not recognized in the financial statements.

Donated professional services and donated facilities are recognized on receipt based on the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognized in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognized at the time of the donation.

1.5 Expenditure

Expenditure is recognized once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the assets use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities

Costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognized as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

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.

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.7 Financial instruments

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

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

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

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including creditors 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. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.8 Taxation

As a registered charity the Foundation is exempt from taxation on its activities which fall within the scope of section 505 of Taxes Act 1988 and section 252 of the Taxation of Chargeable Gains Act 1992.

1.9 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All foreign exchange differences are included to the income statement.

1.10 Cash flow statement

The Trustees have taken advantage of the exemption from including a cash flow statement in the financial statements on the basis that the company is small.

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Income from donations and legacies

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Donations and gifts	421,500	654,000

4 Expenditure on charitable activities

	2023 £	2022 £
Direct costs		
Grant funding of activities (see note 5)	448,794	621,408
Share of support and governance costs		
Support	31,373	31,440
Governance	18,890	12,299
	<u>499,057</u>	<u>665,147</u>
Analysis by fund		
Unrestricted funds	<u>499,057</u>	<u>652,848</u>

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Grants payable

	Total 2023 £	Total 2022 £
British Red Cross Society	5,000	-
Gnanam Foundatrion (Sri Lanka)	384,902	172,586
John Taylor	36,892	-
Rela Institute and Medical Socioty	10,000	-
Royal Brompton Hospital	4,500	-
Jackson Foundation	-	41,483
Sankathlhnai Vairavaswami Kanthaswanu Kovil	-	32,839
Om Saravanabhava Seva Trust	-	350,000
Uthavam Karam	-	10,000
Medical Institute of Tamils	-	10,000
Other	7,500	4,500
	<u>448,794</u>	<u>621,408</u>

6 Net movement in funds

	2023 £	2022 (as restated) £
The net movement in funds is stated after charging:		
Fees payable to the charity's auditor:		
- for the audit of the charity's financial statements	8,000	4,800
for accounts preparation	2,000	3,000
	<u>10,000</u>	<u>7,800</u>

The expense recognised in the year-end 2022 accounts in respect of audit and accountancy fees was correct but the auditor's remuneration disclosed was incorrectly stated as £4,800 when this should have been £7,800 in total. This was a disclosure deficiency only. The comparative has therefore been corrected in the year-end 2023 financial statements.

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. No expenses were paid to the trustees ibn the year under review.

8 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Total	<u>nil</u>	<u>nil</u>

GNANAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Other debtors	30,000	67,668

The brought forward balance for debtors represented donations in advance which have been released in the current year.

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Accruals	54,100	15,008

11 Related party transactions

Lycamobile UK Limited

The company received unrestricted donations from the Lycamobile UK Limited amounting to £391,500 (2022- £624,000) where Aiadurai Sivasamy Premananthan and Allirajah Subaskaran are directors who are also the trustees/ directors of Gnanam Foundation, considered as related party.

Lycatel Services Ltd

The company received donations in kind from Lycatel Services Limited amounting to £30,000 (2022- £30,000) for year end 31 December 2023 where Aiadurai Sivasamy Premananthan and Allirajah Subaskaran are directors and are also the trustees/ directors of Gnanam Foundation.

Gnanam Foundation (Sri Lanka)

During the period Gnanam Foundation provided general grants to Gnanam Foundation (Registered Charity in Sri Lanka) amounting to £384,902 (2022 - £172,568), considered as related party by virtue of the spirit of the company.