



# **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**AL-AYN SOCIAL CARE FOUNDATION**

**YEAR ENDED 31 DECEMBER 2021**

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The photo on the cover page is of Hussain (aged 6), a child supported by Al-Ayn Social Care Foundation (Iraq).

**AL-AYN SOCIAL CARE FOUNDATION**

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**REFERENCE AND ADMINISTRATIVE INFORMATION**

<b>Trustees</b>	Mrs Aliya Azam Dr Ahmed Alkhaja Mrs Rabab Kleit Mr Mohamad Baqer Al-Yassin Mr Mustafa Mohamed
<b>Acting Director (unpaid)</b>	Dr Ahmed Alkhaja
<b>Charity Registration Number</b>	1163706
<b>Principal Address and Registered Office</b>	Unit 5, Watling Gate 297 – 303 Edgware Road Colindale London NW9 6NB
<b>Independent Auditor</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Bankers</b>	Barclays 75 King Street Hammersmith London W6 9HY
<b>Solicitor</b>	Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Trustees present their report, together with the audited financial statements of Al-Ayn Social Care Foundation (the Charity) for the period ended 31 December 2021. The Trustees confirm that the report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP 2019) 'Accounting and Reporting by Charities' Second Edition applicable for accounting periods commencing on and after 1 January 2019.

Al-Ayn Social Care Foundation is a Charitable Incorporated Organisation (CIO) registered with the Charity Commission of England & Wales on 23 September 2015.

These financial statements cover the period from 1 January 2021 to 31 December 2021.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The CIO was registered on 23 September 2015 and its governing document was amended on 9 May 2017.

**Organisational structure**

The Charity has a board of five trustees (the Trustees), who meet formally on a regular basis to determine and review implementation of the Charity's strategy, identify and manage risks and administer the affairs of the Charity. The Trustees are drawn from persons of suitable experience, professional qualification or business acumen who are deemed suitable to administer the assets and the running of the Charity and are appointed by the sole member. The management of the Charity is the responsibility of the Trustees who are appointed under the terms of the constitution, with some management responsibilities delegated to the Charity's staff. They receive no remuneration or financial benefit for their role as Trustees, except as may be permitted by the Charity's constitution. The Trustees will regularly review their training needs and if necessary obtain training for the Trustees where appropriate. Any new trustees would undergo an induction process which would include obtaining a copy of the Charity's constitution and minutes of meetings, declaring conflicts of interest, and attending meetings with the acting director and senior staff to be updated on the affairs of the Charity.

Al-Ayn Social Care gGmbH is a wholly owned subsidiary of the Charity and is managed by a director with the support of members of staff and volunteers. The Trustees are updated regularly on the performance of Al-Ayn Social Care gGmbH.

Al-Ayn Social Care Foundation (Iraq), a charitable organisation incorporated under the laws of Iraq and registered with the certificate number IZ 71970 is the sole member of the Charity. The relationship between the Charity and Al-Ayn Social Care Foundation (Iraq) is governed in accordance with the terms of an agreement between the parties.

**Pay and Remuneration**

The Trustees review the pay and remuneration of staff on a regular basis, to ensure internal consistency and that pay is competitive within the sector. Banding of pay is reviewed on an annual basis.

**Risk management**

The Trustees regularly review the major business and operational risks which the Charity faces, including risks associated with the diversity of its income and application of expenditure overseas. They have agreed and implemented policies and systems to ensure appropriate steps are taken to safeguard the Charity's assets, including by ensuring appropriate due diligence, monitoring and reporting is carried out on grant recipients and beneficiaries, and that grant agreements are entered into in accordance with the Charity Commission and HMRC guidance on overseas donations. Regular reports are produced for the Trustees to identify and, if necessary, manage business and operational risks. The Trustees regularly review the Charity's policies and systems and are satisfied with the policies and controls in place to manage the risks identified.

**Objects**

The objects of the CIO for the public benefit are:

- the prevention or relief of poverty and financial hardship by providing: grants, items and services to orphans and other individuals in need and/or charities, or other organisations working to prevent or relieve poverty and financial hardship;
- the prevention or relief of sickness among orphans and other individuals in need, by purchasing medical equipment and/or providing grants to organisations working to prevent or relieve sickness;

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

- the advancement of education; and
- to provide or assist in the provision of facilities, equipment and services in the interests of social welfare for recreation or other leisure time occupation for individuals who have need of such facilities, equipment or services by reason of their youth, age, infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

**Grant making policies**

The Charity continues to make international grants in accordance with its "International Grants Policy". The procedure for international grants includes identifying potential recipients, carrying out appropriate due diligence checks and risk assessments, and then entering a grant agreement with the recipient. To help the Charity assess and manage the risks of overseas grants, the Trustees require recipients to provide a monitoring report using an agreed template, as set out in the grant agreements.

The Charity makes grants primarily to Al-Ayn Social Care Foundation (Iraq), subject to the discretion of the Trustees. The Trustees closely monitor all grants made, review the supporting documentation and undertake random inspection of the various projects that are supported by the grants.

The grants are typically disbursed in instalments to ensure that agreed timings and results are being met and managed, and to enable monitoring and evaluation of progress. The nature of these activities will depend on the size and complexity of the grant and the perceived level of risk.

The Trustees have considered the Charity Commission guidance on working internationally and HMRC guidance on overseas payments and have put in place appropriate and robust arm's length grant agreements.

**Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**Reserves policy**

The Trustees are of the view that holding substantial reserves is unnecessary, as it would tie up funds which could and should be spent on charitable activities. All income received is spent on charitable activities in the form of grants, and all administrative costs are covered by Al-Ayn Social Care Foundation (Iraq). However, the Trustees have set aside £60,000 for administrative costs, which would be sufficient to sustain the Charity's activities for three months during an orderly wind down, should that be required.

The Trustees are committed to regularly reviewing the Charity's reserves policy, to ensure that the appropriate levels of reserves are maintained. The Trustees are committed to generating sufficient reserves to support current organisational activities to meet the following requirements:

- safeguard the Charity's service commitment in the event of delays in receipt of grants or other income;
- provide a financial cushion against risk and future uncertainties; and
- resource the research and development of services and initiatives.

In light of the Charity's expansion to work in Afghanistan, the Trustees are reviewing the level of reserves needed for the following financial year.

**Principal funding**

Funding for the activities of the Charity has been derived solely from the kind donors and supporters of the Charity, with the administrative overheads donated by Al-Ayn Social Care Foundation (Iraq).

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Investment powers and policy

The Trustees have the powers to make investments on behalf of the Charity as they deem fit, taking account of standard investment criteria. At the moment, the Charity's risk profile indicates that investments should be held in low risk assets. Consequently, all investments at the moment are currently held in bank account balances.

### Related parties

Al-Ayn Social Care Foundation (Iraq), a charitable organisation incorporated under the laws of Iraq and registered with the certificate number IZ 71970, is the sole member of the Charity. The relationship between the Charity and Al-Ayn Social Care Foundation (Iraq) is governed in accordance with an agreement between the parties.

Ahmed Alkhaja is a director of Al Ayn Social Care Foundation (Australia). The Charity received donations totalling £506k during the year from Al Ayn Social Care Foundation (Australia). The relationship between the Charity and Al-Ayn Social Care Foundation (Australia) is governed in accordance with a grant agreement between the parties.

The Charity is the sole shareholder of Al-Ayn Social Care gGmbH, a German not-for-profit limited liability company registered in the commercial register of the local court of Berlin Charlottenburg under registration number HRB 174865 B. Further details are set out in note 7 to the accounts.

The Trustees and staff are also related parties. The Trustees are not aware of the existence of any other related parties. Please note that details of any related party transactions are set out in note 12 to the accounts.

## ACHIEVEMENT AND PERFORMANCE

Detailed information on the Charity's activities in the reporting period is available by visiting [www.alayn.co.uk/activities-report/](http://www.alayn.co.uk/activities-report/)

The Trustees consider that the performance of the Charity in this financial period has been good, taking into account the following measures:

- the total income received by the Charity over the period;
- the total number of volunteers supporting the activities of the Charity over the period;
- the total number of coordinators, acting as points of contact for the Charity's supporters throughout the United Kingdom;
- the total number of orphaned children supported through the orphaned child sponsorship scheme;
- the total number of Sadaqa Boxes (collection boxes) distributed and received;
- the variety of fundraising activities carried out by the Charity and its supporters; and
- overall engagement with the Charity's social media platforms.

During 2021 the Charity faced opportunities, challenges and significant development milestones. Despite the ongoing impact of the global pandemic as well as the economic uncertainty, the Charity has continued its steady growth, building upon similar performance from previous years.

Due to the overwhelming dedication of staff, volunteers and supporters, the Charity has been able to not only maintain, but also expand, its support to its beneficiaries and beyond. A significant contributing factor to the Charity's ability to provide this support is the unmatched presence on the ground of Al-Ayn Social Care Foundation (Iraq) across provinces and spanning to remote villages in Iraq.

A mental health and vocational training campaign also provided critical fundraising to ensure essential services reach all children, youth and their mothers. The Charity continued to support projects carried out by Al-Ayn Social Care Foundation (Iraq), including medical clinics, house refurbishment, and housing complexes.

During the period, the Charity also began operating in Afghanistan to address the critical need of orphaned children there. The Charity opened an office on the ground in Kabul. Since then, over 500 children were registered and have already begun receiving various forms of aid including monthly allowances, food, and clothes.



**ACHIEVEMENT AND PERFORMANCE (continued)**

Following the shift to raising awareness through digital channels over the previous years, the Charity developed its digital communications in this period and adjusted where possible to offer in person opportunities. Additional online events and services were provided to supporters during the onset of the pandemic including expanding the collection and drop-off services for charity (Sadaqa) boxes.

The Charity carried out the following main activities for the period ended 31 December 2021 in furtherance of its charitable activities for public benefit.

**(1) Supporting orphaned children**

The Charity's principal activity continues to be the provision of monthly financial allowances for orphaned children in Iraq, through grants made to Al-Ayn Social Care Foundation (Iraq). This is funded through donations, religious dues such as Khoms and Sadaqa, and the Charity's "Orphaned Child Sponsorship Programme".

A substantial proportion of Sadaqa donations received by the Charity comes from its Sadaqa Boxes. The Charity's supporters became more accustomed to requesting Sadaqa Boxes for their homes online and then replacing them periodically. In this accounting period, thousands of Sadaqa Boxes were distributed and collected throughout the United Kingdom, through postal services and at designated drop-off locations including the charity's offices. The Al-Ayn App continued to grow in popularity in this period, allowing the Charity's supporters to give Sadaqa donations and other forms of donations conveniently, with just a few taps.

The "Orphaned Child Sponsorship Programme" provides the Charity's supporters with the opportunity to financially support a particular orphaned child on a monthly basis. It is a distinctively comprehensive care package. Alongside the financial aid distributed, orphaned children and widowed mothers are provided access to free medical, psychological, educational, housing, in-kind and other forms of support. Supporters are given the ability to support any of these areas and guarantees are in place to ensure restricted funds for each area reach the beneficiaries in the intended form.

**(2) Providing food aid**

During a crisis like the COVID-19 pandemic, food aid was essential to those in poverty experiencing lockdown without access to any other help. However, the economic impact of the pandemic became clear on the families who became even more dependent on the food aid provided through the charity. The cost of living crisis meant that the monthly food parcels provided to each family containing staples was a lifeline.

**(3) Providing toys and clothes to orphaned children**

The Charity's initiative to draw smiles through providing toys and clothes for orphaned children continued in this period. Supporters were encouraged to gift children during milestones and celebrations like birthdays and Eid.

**(4) Supporting continual charity (Sadaqa Jariya) projects**

The Charity has continued to fund Sadaqa Jariya projects throughout Iraq that are being implemented on the ground by Al-Ayn Social Care Foundation (Iraq). Supporters were offered a number of projects that they were invited to support. These included a housing complex and a number of vocational training and psychological rehabilitation centres, which are being built in various provinces in Iraq. The various projects aim to meet the needs of orphaned children, in particular those who have been unable to continue to further education or are in need of adequate housing or other support in order to achieve their full potential. During the period, three further Luminous Stars Centres were opened, making the number of centres at various stages of construction a total of thirteen.

**(5) Operating in Afghanistan**

The charity believes in empowering orphaned children in need wherever they may be. In this period significant progress was made to build sustainable, effective and dignified services allowing operations to begin on the ground in Afghanistan. The office there has registered over 500 children in this period. It has also begun receiving various forms of aid including monthly allowances, food, and clothes. Operations in Afghanistan were temporarily halted during the year due to the political changes in the country, whilst a risk-assessment on the situation there was carried out. Operations have since resumed.

## ACHIEVEMENT AND PERFORMANCE (continued)

### Charitable activities and fundraising

During this period, the Charity organised a number of events. Whilst a few took place in person, others continued to be held remotely.

These included:

- (1) Wills Writing Seminars to give supporters a legal and Islamic perspective on will-writing presented by professionals in this field and help generate future sources of funding for the Charity.
- (2) A Bereavement Workshop held remotely which touched upon the complexity of this subject for orphaned children and widowed mothers as well as supporters in the UK. The session was followed by an engaging Q and A session with the facilitator.
- (3) Religious Dues Workshops held in line with supporters' preferences for more information on subjects like Zakat, Khoms, Fidyah and Kaffara, helping them to decide how they can donate to the Charity
- (4) Various Coffee Mornings held remotely with supporters to update them on their impact and hear their suggestions as well as respond to their questions.
- (5) Numerous children's events aimed at raising awareness through crafts, fun and learning, which went ahead remotely. This included a Forest Fundraising Walk and The Little Iftar.
- (6) Targeted office events to raise awareness about different campaigns the Charity is running.
- (7) Stalls and speeches at various external events which in previous years were extremely valuable at gaining new supporters, whilst some remained as informative 'drop-ins' at other remote events.

These activities supported the Charity in raising awareness about its cause and fundraising for the Charity's campaigns.

### Volunteers

During the period, the role of volunteers faced new challenges. Whilst in the previous period, the Charity shifted towards remote volunteering to help with various aspects of the work, in this period we began operating on a hybrid model. Benefiting from the flexibility of remote work whilst also offering adjusted in person opportunities.

Al-Ayn Social Care gGmbH was supported by more than 30 volunteer coordinators in 9 different cities in Germany, who promoted the charitable activities of the Charity through seminars, stalls, events, and meetings with local non-profit organisations.

## FINANCIAL REVIEW

The Charity continued to build on its sustained growth during this period, reaching out to an increasing number of supporters through its various publicity avenues. This included presence at a larger number of events and stalls, digital advertising, social media engagement, a key supporter programme, and TV advertising campaigns. With the support of its Trustees, staff, coordinators and all other volunteers, the Charity has been able to respond to the increased demand from donors, and the resulting administrative and logistical workload. The Charity continues to have no borrowings and has achieved a good outcome for the period, with the necessary resources moving forward to continue to expand its activities.

As a result, income for the period was £15.3m (2020: £14.6m) arising largely from donations. Of this, £1.27m (2020: £1.1m) was received by Al-Ayn Social Care gGmbH, also largely from donations. There were unrealised currency exchange gains of £131,807 (2020: gains of £61k), on funds held in the Charity's US dollar account, due to the weakening of the pound over the reporting period.

Expenditure was £15.5m (2020: £18.4m) of which £13.8m (2020: £12.8m) were grants made to Al-Ayn Social Care Foundation (Iraq), and £100k (2020: £nil) was charitable expenditure on supporting orphaned children in Afghanistan.

Total funds carried forward at the end of the year were £1,103,715 (2020: £1,107,341), of which £840k (2020: £737k) were in fixed assets, and the remaining arose primarily due to donations which were disbursed in the following reporting year.

The Trustees are satisfied that all funds received have been applied in an effective manner.



## **PLANS FOR FUTURE PERIODS**

Al-Ayn will continue with its core activities of supporting orphaned children in Iraq, whilst building on the support it provides to orphaned children in Afghanistan and exploring expanding its operation to other countries. The main objectives for the next financial year include:

1. reaching out to wider audiences, to raise awareness about the plight of orphaned children and the Charity's work to support them;
2. raising funds to support the work of the Charity in empowering orphaned children;
3. diversifying the sources of funding coming into the Charity, and
4. engaging supporters with the Charity's work and providing services for them.

The Charity also aims to provide additional training and development for staff and volunteers through workshops. The Charity aims to distribute and collect a significantly larger number of Sadaqa Boxes throughout the UK and promote further the use of its app for donations.

The Trustees are committed to continuing to monitor the application of funds for all campaigns to ensure they remain effective and targeted. The Charity also plans to expand its team further and update its processes to match new regulations as well as the increase in support for its work.

## **EVENTS SINCE THE END OF THE PERIOD**

The Charity started to support orphaned children in Ghana in 2022. Expenditure in Ghana in this reporting year relates to the costs of setting up operations there.

## **FUNDRAISING STATEMENT**

The Charity continues to work towards diversifying its fundraising activities to enable it to raise vital funds that will create better outcomes for more orphaned children in poverty. The Trustees and broader team are committed to building trust with supporters, and in 2021 the Charity continued to build upon its internal guidance and individual agreements with each additional member of the team which stipulated the roles, procedures and expectations relating to all aspects of work, including fundraising. During this period, more feedback opportunities were provided for staff, coordinators, volunteers and supporters through frequent surveys and private feedback meetings. The Trustees also recognise the need to monitor the wider team, providing them with regular training and shadowing if needed.

The Trustees are committed to protecting vulnerable adults and children during fundraising activities, through appropriate policies and procedures. The Charity's Safeguarding Policy and Vulnerable Persons Policy details this commitment and the Trustees regularly review the Charity's policies and procedures in line with performance.

Alongside this, the Charity's commitment to adhering to stringent procedures relating to all aspects of its work and in line with the Code of Fundraising Practice has meant that the Charity has received zero complaints (2020: zero) about activities for the purposes of fundraising during the reporting period.

## **PUBLIC BENEFIT STATEMENT**

In deciding the Charity's objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on the prevention or relief of poverty and its supplementary public benefit guidance on the advancement of health or the saving of lives in accordance with the requirement of section 17(5) of the Charities Act 2011. The Trustees always ensure that the Charity's activities are undertaken in line with its charitable objects and aims.

Further details on the activities carried out in the reporting period to deliver public benefit are outlined above.

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees 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).

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the incoming resources and application of resources for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe 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 assume that the charitable incorporated organisation will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that financial statements comply with charity law. 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.

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information.

This report was approved by the Trustees on the 24<sup>th</sup> of October 2022 and signed on their behalf by:

.....  
**Mohamad Baqer Al-Yassin**  
**Chairman of Board of Trustee**

### Opinion

We have audited the financial statements of Al-Ayn Social Care Foundation for the year ended 31 December 2021 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 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 charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the 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 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's 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 directors with respect to going concern are described in the relevant sections of this report.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

### 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 (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In 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 (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 8, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the charitable company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Companies Act 2006 and payroll taxes.

We evaluated management's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the recognition of income and expenditure at the year-end. Audit procedures performed by the engagement team included:

- Inspecting correspondence with appropriate regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings to identify expected material amounts of income;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging any assumptions and judgements made by management in preparing the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding

**AL-AYN SOCIAL CARE FOUNDATION**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP  
Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

Date: 28 October 2022

AL-AYN SOCIAL CARE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME AND EXPENDITURE		Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
	Notes				
<b><u>Income and endowments from:</u></b>					
Donations and legacies	2	9,457,518	5,904,402	15,361,919	14,554,371
<b>Total Income</b>		<u>9,457,518</u>	<u>5,904,402</u>	<u>15,361,919</u>	<u>14,554,371</u>
<b><u>Expenditure on:</u></b>	3				
Raising funds		42,606	-	42,606	18,752
Charitable activities		9,677,482	5,777,265	15,454,746	13,995,207
Other -unrealised Forex (gains)/losses		(131,807)	-	(131,807)	(61,204)
<b>Total Expenditure</b>		<u>9,588,281</u>	<u>5,777,265</u>	<u>15,365,545</u>	<u>13,952,755</u>
<b>Net movement in funds</b>		(130,763)	127,137	(3,626)	601,616
Total funds brought forward		<u>414,658</u>	<u>692,683</u>	<u>1,107,341</u>	<u>505,725</u>
<b>Total funds carried forward</b>		<u><u>283,895</u></u>	<u><u>819,820</u></u>	<u><u>1,103,715</u></u>	<u><u>1,107,341</u></u>

All recognised gains and losses are included in the Statement of Financial Activities.

All the Charity's activities are classified as continuing.

The accompanying notes form an integral part of these financial statements.

**AL-AYN SOCIAL CARE FOUNDATION**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
<b>Fixed Assets</b>			
Tangible fixed assets	6	840,407	736,909
<b>Current Assets</b>			
Debtors	8	579,511	1,532,215
Cash at bank and in hand		1,375,638	933,179
		<u>1,955,149</u>	<u>2,465,394</u>
<b>Creditors:</b> amounts falling due within one year	9	<u>(1,691,841)</u>	<u>(2,094,962)</u>
<b>Net Current Assets</b>		<u>263,308</u>	<u>370,432</u>
<b>Net Assets</b>		<u><u>1,103,715</u></u>	<u><u>1,107,341</u></u>
<b>Represented by:</b>			
Unrestricted funds		283,895	414,658
Restricted funds		819,820	692,683
<b>TOTAL FUNDS</b>		<u><u>1,103,715</u></u>	<u><u>1,107,341</u></u>

The financial statements were approved by the board and authorised for issue on the 24<sup>th</sup> of October 2022 and signed on its behalf by:

.....  
**Mohamad Baqer Al-Yassin**  
**Chairman of Board of Trustees**

The accompanying notes form an integral part of these financial statements.



# AL-AYN SOCIAL CARE FOUNDATION

## BALANCE SHEET-CHARITY

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£	£
<b>Fixed Assets</b>			
Tangible fixed assets	6	837,637	731,725
Investment in subsidiary	7	21,988	21,988
		<u>859,625</u>	<u>753,713</u>
<b>Current Assets</b>			
Debtors	8	371,767	1,429,149
Cash at bank and in hand		1,277,007	873,954
		<u>1,648,774</u>	<u>2,303,103</u>
<b>Creditors:</b> amounts falling due within one year	9	<u>(1,383,022)</u>	<u>(1,928,037)</u>
<b>Net Current Assets</b>		<u>265,752</u>	<u>375,066</u>
<b>Net Assets</b>		<u><u>1,125,377</u></u>	<u><u>1,128,779</u></u>
<b>Represented by:</b>			
Unrestricted funds		305,557	436,096
Restricted funds		819,820	692,683
<b>TOTAL FUNDS</b>		<u><u>1,125,377</u></u>	<u><u>1,128,779</u></u>

A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented. Total net expenditure and movement in reserves of the parent charity was £3,402.

The financial statements were approved by the board and authorised for issue on the 24<sup>th</sup> of October 2022 and signed on its behalf by:

.....  
**Mohamad Baqer Al-Yassin**  
**Chairman of Board of Trustees**

The accompanying notes form an integral part of these financial statements.

**AL-AYN SOCIAL CARE FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Cash provided by operating activities (a)</b>	<u>444,739</u>	<u>454,576</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(134,087)	(736,224)
<b>Cash provided by (used in) investing activities</b>	<u>(134,087)</u>	<u>(736,224)</u>
<b>Increase (decrease) in cash and cash equivalents in the period</b>	310,652	(281,648)
Cash and cash equivalents at the beginning of the period	933,179	1,153,623
Change in cash due to ex rate movements	131,807	61,204
<b>Total cash and cash equivalents at period end</b>	<u>1,375,638</u>	<u>933,179</u>

**Analysis of Cash and Cash Equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,375,638	933,179
	<u>1,375,638</u>	<u>933,179</u>

**(a) Reconciliation of net movement in funds to net cash inflow from Operating Activities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Net movement in funds</b>	(3,626)	228,675
<b>Adjustments for:</b>		
Add back depreciation charge	30,589	12,862
Decrease (increase) in debtors	952,704	(397,605)
Increase (decrease) in creditors	(403,121)	198,576
Foreign exchange (gains)/losses	(131,807)	101,052
<b>Net cash provided by operating activities</b>	<u>444,739</u>	<u>143,560</u>

**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:

**1.1. Basis of accounting**

The financial statements have been prepared 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) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Al-Ayn Social Care Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

**1.3. Basis of Consolidation**

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, Al-Ayn Social Care GmbH, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented but the total income, total expenditure and net movement for the parent charity has been disclosed as a footnote on page 13.

**1.4. Income**

All income is included in the Statement of Financial Activities when the Charity is legally entitled to the income, there is probability of receipt and the amount can be quantified with reasonable accuracy.

Gifts in kind represent assets donated for distribution or use by the Charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the Charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the Charity would otherwise have paid for the assets.

No amounts are included in the financial statements for services donated by volunteers.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable.

**1.5. Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Support costs which cannot be directly attributed to particular activities are apportioned based on estimated usage. Governance costs, which form part of support costs include expenditure on the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Charitable expenditure consists of all expenditure relating to the objects of the Charity. All costs are directly attributable to the activities under which they have been analysed.

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**1.6. Pension schemes**

The Charity commenced auto enrolment in November 2020, with NEST Pensions.

**1. ACCOUNTING POLICIES (continued)**

**1.7. Fixed assets**

Fixed assets are stated at cost or deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows:

Leasehold land	Not depreciated
Leasehold property	50 years straight line
Office equipment	4 years straight line
Furniture and fittings	4 years straight line

**1.8. Investments**

Investments are non-listed investments held at historic cost in the financial statements.

**1.9. Debtors**

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

**1.10. Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**1.11. Creditors and provisions**

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

**1.12. Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

**1.13. Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor. The purposes and uses of the restricted funds are set out in the notes to the accounts.

AL-AYN SOCIAL CARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

2. DONATIONS AND LEGACIES

	2021 £	2020 £
Donations including gift aid receipts	15,361,919	14,554,371

3. EXPENDITURE

	Donations and grants £	Staff costs £	Governance £	Support costs Other £	2021 £	2020 £
<b>Raising funds</b>						
Fundraising activities	-	-	-	42,606	42,606	18,752
<b>Charitable activity:</b>						
The Prevention or relief of poverty and financial hardship among orphaned children	13,948,767	966,682	149,597	389,700	15,454,746	13,995,207
<b>Other-forex losses</b>	-	-	-	(131,807)	(131,807)	(61,204)
<b>Total</b>	13,849,046	966,682	149,597	300,499	15,365,545	13,952,755

	Donations and grants £	Staff costs £	Governance £	Support costs Other £	2020 £
<b>Raising funds</b>					
Fundraising activities	-	-	-	18,752	18,752
<b>Charitable activity:</b>					
The Prevention or relief of poverty and financial hardship among orphaned children	12,830,423	719,945	140,533	304,306	13,995,207
<b>Other-forex losses</b>	-	-	-	(61,204)	(61,204)
<b>Total</b>	12,830,423	719,945	140,533	261,854	13,952,755

	2021 £	2020 £
<b>Net income is stated after charging:</b>		
Auditor's remuneration – audit	16,740	17,640
Auditors remuneration – other	6,300	4,320
Depreciation	30,589	31,094

**4. TRUSTEES**

None of the trustees (or any persons connected with them) received any reimbursement of expenses, remuneration or benefits from the Charity during the period.

<b>5. STAFF COSTS</b>	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	849,301	449,057
Social security costs	102,217	28,835
Pension costs	15,164	9,971
	<u>966,682</u>	<u>487,863</u>

No employee (2020: No employee) received emoluments of more than £60,000 in the period.

The role of key management personnel was undertaken by the trustees during the period for which they received no remuneration (2020: no remuneration) from the Charity.

The average monthly employee headcount during the period was as follows:

	<b>2021 Number</b>	<b>2020 Number</b>
Al-Ayn Social Care Foundation – UK Staff	27	24
Al-Ayn Social Care Foundation - Afghanistan	13	-
Al-Ayn Social Care gGmbH- Germany staff	13	11
Al-Ayn Social Care Foundation - Ghana	7	-
	<u>      </u>	<u>      </u>

**AL-AYN SOCIAL CARE FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Leasehold property £</b>	<b>Assets under construction £</b>	<b>Office equipment £</b>	<b>Furniture &amp; fittings £</b>	<b>Software £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>							
As at 1 January 2021	695,000	20,400	57,114	6,022	1,158	-	779,694
Additions	28,680	48,096	36,859	10,808	4,690	4,954	134,087
Transferred	20,400	(20,400)	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	744,080	48,096	93,973	16,830	5,848	4,954	913,781
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>							
As at 1 January 2021	2,317	-	36,433	3,335	700	-	42,785
Charge for the year	9,404	-	16,227	3,080	1,462	416	30,589
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	11,721	-	52,660	6,415	2,162	416	73,374
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>							
At 31 December 2021	732,359	48,096	41,313	10,415	3,686	4,538	840,407
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	692,683	20,400	20,681	2,687	458	-	736,909
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



AL-AYN SOCIAL CARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. TANGIBLE FIXED ASSETS (continued)

CHARITY	Leasehold property £	Assets under construction £	Office equipment £	Furniture & fittings £	Software £	Motor vehicles £	Total £
<b>Cost</b>							
As at 1 January 2021	695,000	20,400	41,518	5,816	1,616	-	763,892
Additions	28,680	48,096	36,859	10,808	4,690	4,954	134,087
Transferred	20,400	(20,400)	-	-	-	-	-
At 31 December 2021	744,080	48,096	78,377	16,624	5,848	4,954	897,979
<b>Depreciation</b>							
As at 1 January 2021	2,317	-	26,021	3,129	700	-	32,167
Charge for the year	9,404	-	13,813	3,080	1,462	416	28,175
At 31 December 2021	11,721	-	39,834	6,209	2,162	416	60,342
<b>Net book value</b>							
At 31 December 2021	732,359	48,096	38,543	10,415	3,686	4,538	837,637
At 31 December 2020	692,683	20,400	15,497	2,687	458	-	731,725

# AL-AYN SOCIAL CARE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7. INVESTMENTS

Al-Ayn Social Care Foundation owns the entire share capital of Al-Ayn Social Care gGmbH, a German charitable limited liability company registered in the commercial register of the local court of Berlin Charlottenburg under the registration number HRB 174865 B. A summarised income statement and balance sheet for Al-Ayn Social care gGmbH are set out below.

	2021 £	2020 £
Income	1,273,546	1,103,768
Expenditure	(1,273,769)	1,101,972
Net movement of funds	(223)	1,796
<u>Balance Sheet</u>	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Fixtures and equipment	2,770	5,184
Cash at bank	98,631	59,225
Debtors	207,744	103,066
Creditors and accruals	(308,813)	(166,925)
Net assets	336	550
Share capital	22,000	22,000

#### 8. DEBTORS

	Group		Parent	
	2021 £	2020 £	2021 £	2020 £
Other debtors	374,408	1,429,618	367,456	1,423,134
Prepayments and accrued income	205,103	102,597	4,311	6,015
	<u>579,511</u>	<u>1,532,215</u>	<u>371,767</u>	<u>1,429,149</u>

#### 9. CREDITORS: amounts falling due Within one year

	Group		Parent	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	62,777	35,631	63,312	35,631
Other creditors and accruals	1,629,064	2,059,331	1,319,710	1,892,406
	<u>1,691,841</u>	<u>2,094,962</u>	<u>1,383,022</u>	<u>1,928,037</u>

<b>10a ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Fund balances at 31 December 2021 as represented by:			
Tangible fixed assets	157,128	683,279	840,407
Current assets	497,658	1,457,491	1,955,149
Current liabilities	(370,891)	(1,320,950)	(1,691,841)
	<u>283,895</u>	<u>819,820</u>	<u>1,103,715</u>
	<u><u>283,895</u></u>	<u><u>819,820</u></u>	<u><u>1,103,715</u></u>
<b>10b ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Fund balances at 31 December 2020 as represented by:			
Tangible fixed assets	44,226	692,683	736,909
Current assets	559,090	1,906,304	2,465,394
Current liabilities	(188,658)	(1,906,304)	(2,094,962)
	<u>414,658</u>	<u>692,683</u>	<u>1,107,341</u>
	<u><u>414,658</u></u>	<u><u>692,683</u></u>	<u><u>1,107,341</u></u>
<b>10c ANALYSIS OF CHARITY NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Fund balances at 31 December 2021 as represented by:			
Tangible fixed assets	154,358	683,279	837,637
Investments	21,988	-	21,988
Current assets	305,557	1,343,217	1,648,774
Current liabilities	(176,346)	(1,206,676)	(1,383,022)
	<u>305,557</u>	<u>819,820</u>	<u>1,125,377</u>
	<u><u>305,557</u></u>	<u><u>819,820</u></u>	<u><u>1,125,377</u></u>
<b>10d ANALYSIS OF CHARITY NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Fund balances at 31 December 2020 as represented by:			
Tangible fixed assets	39,042	692,683	731,725
Investments	21,988	-	21,988
Current assets	559,536	1,743,567	2,303,103
Current liabilities	(184,470)	(1,743,567)	(1,928,037)
	<u>436,096</u>	<u>692,683</u>	<u>1,128,779</u>
	<u><u>436,096</u></u>	<u><u>692,683</u></u>	<u><u>1,128,779</u></u>

# AL-AYN SOCIAL CARE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

11. RESTRICTED FUNDS (GROUP)	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
Afghanistan Fund	-	236,262	(99,721)	136,541
Private Sponsorship	-	1,855,047	(1,855,047)	-
Religious Dues	-	1,363,168	(1,363,168)	-
Luminous Stars Centres	-	144,123	(144,123)	-
Al-Ayn Social Care Foundation (Australia)	-	506,370	(506,370)	-
Al-Ayn Social Care Foundation (Denmark)	-	159,780	(159,780)	-
Al-Ayn for Social Care (Sweden)	-	647,439	(647,439)	-
Ramadhan Appeal	-	269,036	(269,036)	-
Sadaqa Jariya	-	269,955	(269,955)	-
Gifts for Sponsored Children	-	50,205	(50,205)	-
Medical Support	-	226,661	(226,661)	-
Housing Complexes	-	101,510	(101,510)	-
Premises Fund	692,683	-	(9,404)	683,279
Other Restricted Funds (<£30k)	-	74,846	(74,846)	-
	692,683	5,904,402	(5,777,265)	819,820
	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
Private Sponsorship	-	1,148,179	(1,148,179)	-
Religious dues	-	1,010,528	(1,010,528)	-
Luminous Stars Centres	-	33,266	(33,266)	-
Al-Ayn Social Care Foundation (Australia)	-	685,348	(685,348)	-
Al-Ayn for Social Care Sweden	-	703,412	(703,412)	-
Winter Appeal	-	40,620	(40,620)	-
Ramadhan Appeal	-	112,018	(112,018)	-
Sadaqa Jariya	-	113,995	(113,995)	-
Shajarat Tuba	-	34,740	(34,740)	-
Food Support	-	35,014	(35,014)	-
Housing Complexes	-	90,000	(90,000)	-
COVID-19 Relief Fund	-	145,786	(145,786)	-
Premises Fund	-	695,000	(2,317)	692,683
Other Restricted Funds (<£30k)	-	96,031	(96,031)	-
	-	4,943,937	(4,251,254)	692,683

Afghanistan Fund: Donations towards providing financial assistance and other forms of support for orphaned children in Afghanistan.

Private Sponsorship: Donations towards providing financial assistance for named orphaned children, in line with the Charity's Private Sponsorship scheme.

Religious dues: Khoms and Zakat Al-Fitra, which are used for the poor and the needy. These are distributed as part of monthly financial allowances to orphaned children in Iraq.

Luminous Stars Centres: Donations received for the construction of the Luminous Stars Vocational Training and Psychological Rehabilitation Centres in different provinces in Iraq.

Housing Complexes: Donations received for the construction of housing units in Iraq to house families of orphaned children.

**11. RESTRICTED FUNDS (CONTINUED)**

Al-Ayn Social Care Foundation (Australia): Relates to the movement on donations received from Al-Ayn Social Care Foundation (Australia), to support the different schemes and projects supported by the Charity, under an agreement dated 11 May 2018, with its terms to be reviewed annually.

Al-Ayn for Social Care Sweden: Relates to the movement on donations received from Al-Ayn for Social Care Sweden, to support the different schemes and projects supported by the Charity, under an agreement dated 27 June 2019, with its terms to be reviewed annually.

Al-Ayn for Social Care Denmark: Relates to the movement on donations received from Al-Ayn for Social Care Denmark, to support the different schemes and projects supported by the Charity, under an agreement which was reinstated on 11 September 2021, with its terms to be reviewed annually.

Educational Support: Donations received for tuition and educational supplies for orphaned children.

Winter Appeal: Donations received for the refurbishment and repairs of houses for orphaned children.

Ramadhan Appeal: Donations received specifically for the Ramadhan Appeal, providing financial, vocational, medical and educational support for orphaned children.

Sadaqa Jariya: Donations received for the construction of projects in Iraq that provide services to orphaned children, including housing complexes, vocational training centres, and personal development centres.

Shajarat Tuba: Donations received for the construction of the Shajarat Tuba project in Karbala, Iraq, which will incorporate various services provided to orphaned children.

Food Support: Donations received for the purchases of meat, food baskets, and other food items for orphaned children.

Gifts for Sponsored Children: Donations received to provide monetary gifts for named orphaned children on occasions such as their birthdays and religious festivals.

Medical Support: Donations received for the purpose of providing medical treatment and medicines

COVID-19 Relief Fund: Donations received for COVID-19 relief efforts in Iraq, including food parcels, protective equipment and medical support.

Premises Fund: Grant received from Al-Ayn Social Care Foundation (Iraq) for the purchase of the Charity's premises.

Other Restricted Funds – These are donations under £30,000 which have been collected for specific charitable projects in Iraq.

**12. RELATED PARTIES**

The following related party transactions took place in 2021:

- The Charity made donations and grants of £13.76m (2020: £12.8m) to Al-Ayn Social Care Foundation (Iraq), the sole member of the Charity, in accordance with a Grant Agreement between the two parties.
- The Charity recognised donations in the sum of £1.4m (2020: £1.2m) from Al-Ayn Social Care Foundation (Iraq), the sole member of the Charity, to cover staff and support costs of the Charity.
- The Charity received donations totalling £506k (2020: £685k) during the year from Al Ayn Social Care Foundation (Australia). Ahmed Alkhaja is a Director of Al Ayn Social Care Foundation (Australia).
- The aggregate value of donations from Trustees and their related parties made in the year was £25,987 (2020: £53,625).

## 13. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2020 £
<b><u>Income and endowments from:</u></b>			
Donations and legacies	9,610,434	4,943,937	14,554,371
<b>Total Income</b>	<u>9,610,434</u>	<u>4,943,937</u>	<u>14,554,371</u>
<b><u>Expenditure on:</u></b>			
Raising funds	18,752	-	18,752
Charitable activities	9,743,953	4,251,254	13,995,207
Other -Forex (gains)/losses	(61,204)	-	(61,204)
<b>Total Expenditure</b>	<u>9,701,501</u>	<u>4,251,254</u>	<u>13,952,755</u>
 <b>Net movement in funds</b>	 (91,067)	 692,683	 601,616
Total funds brought forward	<u>505,725</u>	<u>-</u>	<u>505,725</u>
<b>Total funds carried forward</b>	<u><u>414,658</u></u>	<u><u>692,683</u></u>	<u><u>1,107,341</u></u>