

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales · Charity number 266518

Details

Status Registered

Legal form Charitable company

Company number [01100897](#)

Registered 1973-12-04

Register [View on the Charity Commission register](#)

Contact

Address Aga Khan Centre
10 Handyside Street
London
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Activities

Objects: 1. TO ASSIST IN THE ADVANCEMENT OF EDUCATION THROUGHOUT THE WORLD BY THE CREATION AND SUPPORT OF PRIMARY, SECONDARY, TECHNICAL AND PROFESSIONAL SCHOOLS AND UNIVERSITIES AND BY THE AWARD OF GRANTS TO STUDENTS THROUGHOUT THE WORLD FOR THE PURPOSE OF STUDY OF EDUCATION. 2. TO CREATE AND SUPPORT ORPHANAGES, RESEARCH AND THE PUBLICATION OF THE USEFUL RESULTS THEREOF AND RELIGIOUS CENTRES THROUGHOUT THE WORLD, AND IN PARTICULAR TO PROVIDE FACILITIES FOR STUDY, ACCOMMODATION AND RELIGIOUS WORSHIP. (FOR FURTHER DETAILS PLEASE SEE CLAUSE 3 OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION)

Activities: The AKF(UK) is an affiliate of the International Aga Khan Foundation and part of the Aga Khan Development Network (AKDN). The principal activity of the Charity is to promote and provide for the advancement of education, health, rural development, the environment and support to civil society organisations for the public benefit.

Classification

- **How:** Makes Grants To Organisations, Provides Buildings/facilities/open Space, Acts As An Umbrella Or Resource Body
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Arts/culture/heritage/science, Environment/conservation/heritage
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies

Geography

- Afghanistan
- Bangladesh
- Egypt
- India
- Ivory Coast
- Kenya
- Kyrgyzstan
- Madagascar
- Mali
- Mozambique
- Pakistan
- Portugal
- Syria
- Tajikistan
- Tanzania
- Uganda
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£63,584,000	£49,676,000	£250,433,000	75
2023-12-31	£58,790,000	£58,131,000	£236,563,000	65
2022-12-31	£71,788,000	£58,962,000	£230,803,000	56
2021-12-31	£57,059,000	£54,435,000	£217,977,000	56
2020-12-31	£58,989,000	£45,038,000	£215,353,000	53

Trustees

Name	Role	Appointed
His Highness Prince Rahim Aga Khan	Chair	2019-12-16
Alan Abela		2019-12-16
JANE PIACENTINI-MOORE		2019-12-16
PRINCE AMYN MOHAMED AGA KHAN		
PRINCESS ZAHRA AGA KHAN		2019-12-16

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales - Charity number 266518

Accounts

Aga Khan Foundation (United Kingdom)

Report of Council and Financial Statements

31 December 2024

Registered Number 01100897

Registered Charity Number 266518

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Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the Aga Khan Foundation (United Kingdom) (hereinafter “charitable company” or “AKF (UK)”) for the year ended 31 December 2024. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting & Reporting by Charities” in preparing the annual report and financial statements.

Reference and administrative information

Members of the Council

The members of the Council during the year to 31 December 2024 were:

His Late Highness Aga Khan IV (deceased 4 February 2025)
His Highness Prince Rahim Aga Khan V
Prince Aryn Mohamed Aga Khan
Princess Zahra Aga Khan
Alan Abela
Jane Piacentini-Moore

National Committee

The Council are supported by a National Committee, whose members (who are not directors) at 31 December 2024, were:

Erem Kassim-Lakha	Chair
Salimah Currimbhoy	Vice Chair
Naushad Jivraj	
Shodigul Alimshoeva	
Shezad Charania MBE	
Nadia Davies	
Irfan Haji	
Azim H.A. Kassam	
Aryn Akbar Pesnani	

Secretary

Habib Motani

Chief Executive Officer

Dr. Matthew Reed

Senior Management

The members of Senior Management at 31 December 2024, were:

Jasmin Jahanshahi (Deputy Global Director, Institutional Partnerships)
Christina Jorgensen (Head of HR)
Gradleigh Ruderham (Head of Finance & Operations)
Christopher Wilton-Steer (Global Lead – Communications)

Registered office

3 Cromwell Gardens, London SW7 2HB

Registered auditor

Crowe U.K. LLP
55 Ludgate Hill, London EC4M 7JW

Main Bankers

Lloyds Bank plc
39 Threadneedle Street, London EC2R 8AU

Report of the Council *(continued)*

Structure, governance and management

Governing document

Aga Khan Foundation (United Kingdom) is a company limited by guarantee and having share capital, incorporated on 9 March 1973, and registered as a charity, in England and Wales on 4 December 1973. The objects and powers of AKF (UK) were established in its Memorandum of Association and are governed by its Articles of Association.

His Late Highness Aga Khan IV

On 4 February 2025, the Aga Khan Foundation's founder and Chair, His Highness Prince Karim Aga Khan IV, passed away peacefully at his home in Lisbon, Portugal. The Aga Khan Foundation celebrates his many achievements, foremost his dedication to improving the quality of life for marginalised people of all faiths and backgrounds. Following his accession as the 50th hereditary Imam of the Shia Ismaili Muslims, and in accordance with AKF (UK)'s Articles of Association, His Highness Prince Rahim Aga Khan V became Chair of AKF (UK) on 4 February 2025.

Appointment

The members of the Council who held office during the financial year and at the date of this report are set out on page 1. As set out in the Articles of Association, the members of the Council (other than His Highness the Aga Khan) are appointed by the holder(s) of a simple majority of the issued shares in the capital of AKF (UK).

The Council are supported by the National Committee for governance and supervision of AKF (UK). The National Committee is appointed by the Council. The names of the members of the National Committee are set out on page 1.

Induction and training

New members of the Council review written materials and undergo an informal orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision-making processes, the objectives and strategies, and the recent financial performance of AKF (UK).

The current members of the Council have acquired in-depth knowledge of the work of AKF (UK) and the Aga Khan Development Network (hereinafter "AKDN") as a whole. The annual global Aga Khan Foundation budget meeting involves the production of comprehensive information, including a progress report on all significant activities, an update on performance against annual budgets and an update on the programmes. Additional information is submitted to the Council regularly throughout the year, to ensure they are kept abreast of key developments. Additional meetings on specific topics of concern to the Council are scheduled on an as-needed basis. This process ensures that the Council are kept abreast of the on-going activities of AKF (UK) and has a strong understanding of the relationships and transactions with related parties of AKF (UK) within the AKDN. In view of this, no additional on-going training for the members of the Council is needed.

A new National Committee was appointed on 21 March 2024. When new National Committee members are appointed, a formal induction is arranged, and this took place on 11 May 2024. New members were briefed about how AKF (UK) engages in its different roles, its objectives and the role of the National Committee to help achieve those objectives. The National Committee comprises members representing a mix of skills including management, accounting, legal and communications.

Organisation

The Council, which can have up to seven members, governs AKF (UK). A Chief Executive Officer (CEO) is appointed by the Council to manage the day-to-day operations of AKF (UK). The Council meets annually, with meetings of its sub-committees throughout the year, and is supported by the National Committee, as stated above, in the governance and supervision of AKF (UK). Day-to-day running and management of AKF (UK) has been delegated by the Council to the CEO who, in addition to reporting to the Council, also reports to the General Manager of the Aga Khan Foundation in Geneva and the National Committee.

The National Committee has established a sub-committee to support the finance and administration of AKF (UK). During 2023 an additional sub-committee was created to support AKF (UK) in managing its properties. Both sub-committees meet monthly. The skills and experience of the Committee members have helped AKF (UK) in achieving its objectives.

As a member of the AKDN, AKF (UK) draws upon the experience of the wider AKDN network. However, it has stand-alone operating policies and procedures.

Report of the Council *(continued)*

The CEO and Heads of Departments are considered to be the senior management personnel of AKF (UK). The remuneration of the CEO is recommended to the Council by the General Manager and leadership of the Aga Khan Foundation in Geneva and in consultation with the National Committee. This process includes benchmarking against the UK charities and development sector, benchmarking across AKDN agencies and other international development charities worldwide and consideration of the CEO's depth of experience in the sector and role.

Interests of members of the Council

No member of the Council had, at any time during the year, any interests in any shares of AKF (UK) which would require disclosure within this report.

Charity Governance Code

The Charity Governance Code is designed as a tool to support continuous improvement of an organisation's governance. The Council has reviewed the Code and its key principles and believes that the governance of AKF (UK) is in line with the Code.

Objectives and Activities

Principal activities

AKF (UK) is registered as a charity in England and Wales, is an affiliate of the Aga Khan Foundation, and is part of the Aga Khan Development Network. The members of the Council confirm that they have had regard to the Charity Commission guidance on public benefit when reviewing and setting AKF (UK)'s aims and objectives. Its principal activities are social development, institutional development and social activities. These activities promote and provide for the advancement of education, health, rural development, the environment and support to civil society. The objects of AKF (UK) as set out in its memorandum and articles includes the advancement of education through the creation and support of educational institutions, to provide facilities for study, accommodation and religious worship, to relieve human suffering and sickness, to provide or assist in the interests of social welfare, and to relieve poverty.

Fundraising

AKF (UK)'s fundraising activities are substantially directed at government agencies and institutions and not at the general public. Whilst AKF (UK) receives unrestricted income from individuals it does not actively fundraise for this and as such no special measures are required to protect vulnerable people and other members of the public from unreasonable intrusion or behaviour. AKF (UK) organises events to increase awareness of its and the AKDN's activities, and donations are often received following such events. In the context of significant events or initiatives relating to the AKDN or the Ismaili community, supporters sometimes choose to make donations to AKF (UK). In many years individuals enter charity runs or similar events selecting AKF (UK) as their chosen beneficiary. AKF (UK) itself also holds a charity walk and run in some years. AKF (UK) is not registered with the Fundraising Regulator. Any fundraising activities that take place are carried out by AKF (UK) staff or volunteers and no complaints were received relating to them during the year.

Grant-making policy

AKF (UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to a range of development challenges in the fields of education, health, rural development, the environment and civil society, and by supporting these approaches through grants to organisations that share its goals. AKF (UK) does not accept applications for grants but instead works collaboratively with partner organisations to develop proposals for donors and then acts as the prime agency in making grants to the partner organisations. These partner organisations are primarily agencies of AKDN, and organisations selected by those agencies in the field based on common values, approaches, goals and objectives. AKF (UK) works very closely with these grantees in the design, implementation and monitoring of projects. The aim is to create a critical mass of focused and innovative activities, complementing each other within and across sectors, in order to make a significant contribution to social development and improving quality of life. Additionally in 2024, AKF (UK) acted as a conduit for a number of entities. These funds were received by AKF (UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF (UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

Report of the Council *(continued)*

Social development

The primary role of AKF (UK) in the area of social development is to act as an interface between institutional and private donors on the one hand and the range of projects implemented by AKDN agencies on the other hand. It represents the agencies of AKDN to partner governments and institutions in Europe, the Middle East, and Asia, as well as to multilateral agencies in those regions. Principal activities are the development of long-term, strategic relationships with institutional donors, securing resources for projects implemented by AKDN agencies, managing and reporting on grants, and other associated liaison between institutional donors and implementing agencies. AKF (UK) has established long term relationships with significant partners such as: Asian Development Bank, European Commission (EC), the UK's Foreign, Commonwealth & Development Office (FCDO), German Development Cooperation, the Swiss Development Cooperation, French Development Cooperation, Netherlands Ministry of Foreign Affairs, Japan International Cooperation Agency, Jacobs Foundation, Lego Foundation, Oak Foundation, Porticus Foundation, Dubai Cares, Education Above All Foundation and various other charities, foundations and government agencies through Memoranda of Understanding, grant contracts, or their equivalent.

Strategic Report

Institutional development

In furtherance of AKF (UK)'s educational charitable objectives, AKF (UK) makes high quality educational space and facilities available to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) at the Aga Khan Centre in King's Cross London, the building which houses AKF (UK)'s offices. In addition, AKF (UK)'s nearby Victoria Hall building provides accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

Social development achievements and performance

AKF (UK) assesses its performance and impact in the area of social development primarily through annual targets for raising funds, as well as monitoring the spending rates, quality of implementation, and compliance of the projects it supports. In addition, AKF (UK) sets annual targets for proposal development and donor cultivation, grants management, and communications and public affairs. These are reported on a quarterly basis to the Aga Khan Foundation Geneva and to the Chair of the National Committee.

In 2024, AKF (UK) secured 19 grants at a total of £88.0 million to support AKDN and partner programmes in Asia, Africa and the Middle East. The largest grant, for £17.1 million, was secured from the European Commission. AKF (UK) also helped other AKDN agencies secure significant grants from European and Asian donors with whom AKF (UK) has the primary relationship. A further £64.4 million was obtained for these AKDN agencies from a wide range of partners including the European Commission, German, and Swiss Government institutions as well as from UN agencies and Foundations. Of particular relevance in 2024, AKF (UK) helped the Aga Khan Foundation in Afghanistan secure £39.5 million in new grants to support humanitarian relief and basic needs in response to the crisis in Afghanistan.

Political events in Afghanistan in mid-August 2021, led to some donors suspending AKF (UK)'s grants in Afghanistan. This was particularly the case for German-funded grants, as well as two grants supported by the European Commission. AKF (UK) carried out a legal review across its entire Afghanistan portfolio, which concluded that the nature of our work in Afghanistan, and the sectors of focus of that work, fall within the humanitarian & basic human needs activities which the major sanctions regimes relating to Afghanistan permit. In addition, AKF (UK) regularly reviews the latest lists of individuals sanctioned under Afghanistan related sanctions regimes to check that listed sanctioned individuals are not being supported by our work. As a result, AKF (UK) has been able to effectively engage with donors to recommence most projects or to mobilise additional resources for the growing humanitarian needs in Afghanistan. In 2024, we were able to secure new funding from the governments of Germany, Indonesia, Switzerland, the European Commission, the humanitarian branch of the European Commission, ECHO, Islamic Development Bank, various UN agencies, and Fondation Chanel.

Report of the Council *(continued)*

Despite the continued challenges in Afghanistan, 2024 was a year of significant activity and achievement in several countries where AKDN operates. A few examples include:

- **Support from the Dutch government for Afghanistan:** In 2024, the Netherlands-funded OMID Project in Afghanistan supported community-based institutions to rehabilitate infrastructure, including 37 irrigation canals, three irrigation pipe schemes, three water reservoirs, five drinking water networks, and the installation of two solar-powered irrigation pumps. Income generation activities for women included 12 block forests, nine home-based nurseries, seven fruit nurseries, six lemon houses, eight micro-forests, and four ferula cultivation sites. In addition, 94 production and processing groups, including 1,425 women, were formed and trained, and processing and production equipment was provided. Livelihood plans were developed and supported for 1,000 households, by providing assets like cows, goats, poultry farms, and greenhouses.
- **Support from the EC for Syria:** In 2024, the EC-funded Climate and Economic Resilience through Livestock Intensification in Syria (CERLIS) project expanded further on its community mobilisation efforts and its assessment of existing Common Interest Groups (CIGs). In three Governorates – Aleppo, Hama and Homs – 1,500 drought-resistant pastoral shrubs were distributed to 36 farmers and livestock breeders. This was done alongside the provision of in-depth training on cultivation and sustainable practices. In addition, 123,750 kg of fodder barley seeds were distributed to 33 CIGs in the same Governorates.
- **Schools2030:** Schools2030, a 10-year partnership between AKF (UK) and a coalition of other private foundations and leaders in international early childhood development and education, completed its second year of full implementation. This included the third annual Schools2030 Global Forum held in Bishkek, Kyrgyzstan, which brought together Ministers, teachers, community representatives, investors and researchers to share ideas on how to foster more inclusive schools and pluralistic learning societies for all by 2030. The initiative has built a robust network of local and global educational research and technical partners for increased impact and fostered a long-term coalition of international and regional donor partners. Schools2030 is supported by the following organisations: Atlassian Foundation, Dubai Cares, Jacobs Foundation, OAK Foundation, Porticus Foundation and others.
- **Accelerate Prosperity (AP):** In 2024, this AKF flagship initiative funded by the European Commission helped create 711 new full-time equivalent jobs – 41% of which were for women and 51% were occupied by young people, 455 entrepreneurs (36% women and 47% youth) were supported with business training and advice. 41 businesses were financed under the project, 19 start-ups received seed financing, and 22 businesses received growth financing. £10.9 million of external funding was secured by supported businesses, while £802k was received through AP financing. In addition, 67% of the enterprises AP supported in Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan remained profitable. Further, In Tajikistan and Kyrgyzstan, FCDO started to fund AP through a programme focused on green businesses.
- **Community Social Cohesion Project in Mozambique:** In 2024, this project funded by the European Commission concluded. The aim of the project was to build social cohesion within and between communities by expanding AKF's community driven development approach, utilising AKF's Village Development Organisation (VDO) model and participatory development tools. In 2024, the project reached 1,242 community members (46% female) across 64 communities. 14 VDOs are now led by female presidents, seven of whom are young women. This was achieved through two key outcomes: 1) Increased trust between host residents and Internally Displaced Persons (IDPs), and 2) Improved collaboration amongst key stakeholders working in conflict-related matters.
- **Deepening and expanding partnership with FCDO and the EC:** In 2024, from FCDO, AKF (UK) secured two new multi-country projects, both covering Kyrgyzstan and Tajikistan – one project supports Accelerate Prosperity and the other supports education activities. Also in 2024, AKF (UK) secured three new EC projects – a new Syria project focused on health systems strengthening, a separate project in the cross-border region of Kyrgyzstan and Tajikistan focused on enhancing social cohesion, and another project in Afghanistan focused on economic resilience.

Report of the Council *(continued)*

Institutional development achievements and performance

In 2024 AKF (UK) made institutional development grants totalling £6.9m primarily to the Aga Khan University and The Institute of Ismaili Studies (IIS). AKF (UK) also provided high quality educational space and facilities to IIS and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) and also provided accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

IIS is a higher education and academic research institute, established in 1977 to promote scholarship and learning about Muslim cultures and societies. IIS aims to contribute to the academic study of the diversity of Islam as a faith and as a civilisation, by addressing intellectual and practical issues both historically and in the present context. IIS offers two Masters level taught programmes. Both programmes of study draw on teaching faculty from its research department as well as visiting scholars from leading national and international academic institutions. IIS' graduate programmes, as well as its range of doctoral scholarships and fellowships, attract students and scholars from across the world.

ISMC was founded in 2002, as an educational and research unit within the international Aga Khan University. ISMC is an inter-disciplinary institute, carrying out internationally recognised scholarship, education and outreach in the humanities and social sciences on Muslim societies and cultures. ISMC promotes scholarship that opens new perspectives on Muslim heritage, modernity, culture, religion, and society. It offers a Master's level taught programme in Muslim Cultures.

Section 172(1) statement

The members of the Council have regular discussions on and are satisfied that all key decisions taken have considered the long-term impact of such decisions and the impact on AKF (UK)'s donors, implementing partners, employees and the communities that we work in and with. AKF (UK) takes great care to ensure its activities are implemented in a collaborative manner and will deliver impactful change in the long-term.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The members of the Council consider that maintaining collaborative business relationships is a key factor for AKF (UK) in order for us to continue to meet our strategic goals. This is especially true when it comes to our relationships with our grant-giving donors and the implementing partners with whom we work in partnership. AKF (UK) strives to ensure that all decisions taken on our programmes are taken in alignment with the wishes and regulations of those who fund them and taking into consideration the interests of those who are responsible for programme delivery, as we feel this is the most effective and efficient way of achieving lasting change for the communities that we work with.

Streamlined Energy and Carbon Reporting

In 2024, AKF (UK) used 5,300,792 kWh of energy (2023 - 5,614,197 kWh), this equated to a carbon footprint of 312 tonnes CO₂ (2023 - 489 tonnes CO₂). This represents a carbon intensity ratio of 0.01 tonnes CO₂ per m² (2023 - 0.01 tonnes CO₂ per m²). UK energy use covers the provision of electricity and heating at the Aga Khan Centre and Victoria Hall, which are both located in the Kings Cross estate. It also includes electricity and gas consumption related to the eighteen social and cultural centres owned by AKF (UK) at the start of 2024.

There has been a reduction in usage of 313,405 kWh from 2023. One social and cultural centre was sold, and both the Aga Khan Centre and Victoria Hall have continued to reduce consumption with the latter completing a comprehensive energy audit in 2024 to support greater efficiency in the coming years. All sites have now moved to green electricity contracts, and the Kings Cross properties have reduced emissions from the district heating network. Data on energy usage was collected directly from billing information and where available, information collected in kWh was converted at the rate disclosed by the supplier.

Financial review

During the year AKF (UK)'s fixed assets decreased by 1% from £181.1m to £179.7m, cash increased by 26% from £58.5m to £73.6m and total reserves increased by 6% from £236.6m to £250.4m. In the opinion of the members of the Council, adequate assets are available to fulfil the future obligations of AKF (UK). A summary of the result of AKF (UK)'s activities during the period is given in the Statement of Financial Activities on page 13.

Report of the Council *(continued)*

Income

During the year, the total income (excluding foreign exchange gain) increased by 8% to £63.6m (2023: *decreased by 17% to £58.8m*). This was driven principally by an increase in donations for our institutional development work mainly from donations designated to The Institute of Ismaili Studies. In 2024 the institutional development income increased by 22% to £19.2m (2023: *decreased by 6% to £15.7m*) and donations designated to The Institute of Ismaili Studies increased by £2.6m from £0.4m to £3.0m.

Income for our social development work decreased by 6% to £32.9m (2023: *decreased by 25% to £34.8m*) The majority of social development income is from restricted grants, which decreased by 4% to £28.0m (2023 *decreased by 33% to £29.0m*). Agreements with main funders are on-going and underpin the successful resource mobilisation strategy that has enabled AKF (UK) to secure significant levels of funding for AKDN projects around the world. Maintaining on-going relationships with major donors and establishing new partnerships are critical to AKF (UK)'s success and sustainability. These relationships should ensure the future strength of AKF (UK)'s income for social development purposes against a backdrop of continuing financial austerity among donor institutions. The income recognised in the Statement of Financial Activities represents the proportion of multi-year grants that were recognised in 2024 according to the accounting policies set out in note 1 to the accounts and so does not correspond to the total value of grants secured and signed in the year.

Expenditure

In 2024, total expenditure decreased by 15% to £49.7m (2023: *decreased by 1% to £58.1m*) as a result of decreased expenditure on social development activities.

The most significant expenditure related to social development programmes of which £31.2m (2023: *£43.4m*) was disbursed during the year, benefiting projects implemented by AKDN institutions around the world. For international programmes supported directly through AKF (UK) in 2024, resources expended contributed to significant efforts in education, early childhood development, agriculture and food security, health and nutrition, civil society, energy and culture. The largest programmes were implemented in Afghanistan, where £12.0m project expenditure was made (2023: *£25.9m*), in particular on projects funded by, the Netherlands Ministry of Foreign Affairs, SDC and GIZ (note 7).

The other main category of resources expended was institutional development programmes amounting to £17.0m (2023: *£13.1m*). This mainly consists of funding for the Aga Khan University and The Institute of Ismaili Studies (note 8). The main reason for the increase was an increase in funds granted to The Institute of Ismaili Studies for their educational programmes.

The core costs of managing AKF (UK) and administering the resource mobilisation and grants management functions increased to £2.5m (2023: *£2.4m*). These core costs are primarily funded by the Aga Khan Foundation Geneva (note 5). All donation income is applied to AKF (UK)'s charitable objectives, specifically to programme expenditure on social development and institutional development projects.

Reserves policy

AKF (UK) requires reserves in order to meet its funding commitments in respect of its joint-funded projects and for the furtherance of its activities. AKF (UK) has established a policy whereby the level of its free reserves (being those funds not tied up in fixed assets and not part of designated funds or restricted funds) should be sufficient to sustain its administrative expenses for at least two months. AKF (UK) considers that the target level of free reserves at 31 December 2024 was £0.4m (2023: *£0.4m*) and anticipates that the target level of free reserves at 31 December 2025 will be approximately £0.4m. As of 31 December 2024, the total unrestricted general reserve of £0.4m (2023: *£0.3m*) represented actual free reserves.

AKF (UK) has established a policy whereby the level of its designated reserves for projects should be sufficient to meet commitments on an annual basis. At 31 December 2024, the total balance of designated funds was £239.4m (2023: *£228.5m*). In order to maintain the level of such reserves, AKF (UK) undertakes events to raise awareness of AKF (UK) which result in support, for example through donations and commitments on a long-term basis.

Designated funds held by AKF (UK) as part of its charitable activities for institutional development purposes totalled £210.4m (2023: *£203.2m*) of which £159.2m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social purposes totalled £27.6m (2023: *£24.3m*) of which £20.6m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social development purposes totalled £1.4m (2023: *£0.9m*) of which £0.0m was represented by fixed assets.

Report of the Council *(continued)*

Going concern

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Investment policy

The Council has the power to invest in such assets as it sees fit. The Council are supported in the exercise of these powers by the National Committee.

AKF (UK), having regard to its liquidity requirements and reserves policy, has operated a policy of keeping available funds in interest-bearing deposit accounts and seeking to achieve an appropriate rate of deposit interest. The Finance Committee reviews the placements on a regular basis and decides the appropriate placement periods on the basis of available funds and their intended use.

Future plans

In 2025, AKF (UK) will continue to develop a robust project pipeline with AKDN agencies, with emphasis on AKDN's significant and growing initiatives in civil society, culture, education, economic development, energy, health, livelihoods, climate adaptation and disaster preparedness. AKF (UK) will continue to pursue new partnerships and funding opportunities with bi-lateral and multi-lateral donors, especially to deepen its relationships with multilateral funders such as Asian Development Bank and Islamic Development Bank, non-traditional funders such as the UAE and Qatar, as well as the European Commission, FCDO, France, Germany, and Switzerland among others. In recent years, AKF (UK) has established a diversified funding base through new partnerships with foundations and corporations, and this work will continue. AKF (UK) will maintain its efforts to secure funding for AKDN's humanitarian and basic needs response in Afghanistan, as well as East Africa, Egypt, Kyrgyzstan, Madagascar and Mozambique, Pakistan, Syria, and Tajikistan.

Additionally, in 2025, AKF (UK) will continue to pursue the organisation's net zero goal by 2030. AKF (UK) will support our sister offices and agencies in other countries to do the same.

AKF (UK) works with field units of AKF and AKDN to support them in securing grants directly from European, Asian and multi-lateral donors. AKF (UK) has strengthened its London-based team to engage a wider range of partners, represent AKDN in public fora, and support the design and preparation of grant proposals and budgets. AKF (UK) coordinates extensively between field units and donors, requiring extensive communication and travel to the countries where AKDN is active. AKF (UK) also uses funds raised from private donations to match donor funding where there is a match-funding requirement.

AKF (UK) continues to promote awareness of the work of AKF (UK) and AKDN through presentations, events and exhibitions. This work is expected to continue to grow in the future.

Principal Risks and Uncertainties

The Council, assisted by AKF (UK)'s National Committee and AKF (UK)'s CEO, assesses the major risks to which AKF (UK) is exposed on an on-going basis. On a monthly basis, the Finance Committee meets and reviews ongoing risks and compliance issues, in particular those related to its operations and finance. The major risks to which AKF (UK) is exposed are:

- Reliance on traditional overseas development assistance from government donors
- The potential impact of the global economic situation, political trends, and security crises on the availability of development funding for regions where AKDN is active
- Compliance violations or donor guidelines that are not adhered to by implementing agencies

Report of the Council *(continued)*

The first and second risks are mitigated both by cultivating new donor relationships, diversifying opportunities, widening and deepening current relationships, and sustaining high levels of trust through consistent professional performance. The third risk is mitigated through enhanced communications with and monitoring of implementing partners, independent evaluations, donor assessment of programmes and other key information, strengthening grant agreements and monitoring requirements. AKF Geneva employs internal audits to monitor implementing partners; when necessary, these also monitor grant compliance with donor guidelines and the reports that relate to AKF (UK) funded projects are shared with AKF (UK). AKF (UK) is satisfied that appropriate systems are in place to mitigate AKF (UK)'s exposure to major risks.

Disclosure of information to auditors

Each of the members of the Council at the date of approval of this Report of the Council and Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which AKF (UK)'s auditor is unaware; and the members of the Council have each taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that AKF (UK)'s auditor is aware of that information.

Statement of the Council's responsibilities in respect of the Report of the Council and Strategic Report and the financial statements

The members of the Council are responsible for preparing the Report of the Council and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Council 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;
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Council and Strategic Report approved by order of the Council



Member of the Council

Date:

16 July 2025

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom)

Opinion

We have audited the financial statements of Aga Khan Foundation (United Kingdom) for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Council, which includes the directors' report and the strategic 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 Report of the Council 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 strategic report or the directors' report included within the Report of the Council.

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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of the Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Council's responsibilities

As explained more fully in the statement of the Council's responsibilities set out on page 10, the members of the Council (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 members of the Council 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 Council 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, the recognition of grant expenditure, the valuation of the investment property and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on grant income, grant expenditure and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. 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.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 24 July 2025

Statement of Financial Activities, including Income and Expenditure Account
for the year ended 31 December 2024

	Notes	Unrestricted Funds		Restricted Funds	Total 2024	Total 2023
		General Funds £000	Designated Funds £000	£000	£000	£000
Income from						
Grants, donations and legacies						
Social development programmes	6	-	4,920	27,959	32,879	34,847
Institutional development	6	3,716	15,343	138	19,197	15,704
Social and cultural centres		-	2,828	-	2,828	1,550
Communications and awareness raising		270	-	-	270	257
Core costs		2,125	486	-	2,611	2,067
Rental income		-	3,253	-	3,253	3,056
Investment income		99	2,146	-	2,245	1,290
Other income		-	12	-	12	19
Gain on sale of assets		-	289	-	289	-
Net gain/(loss) from foreign exchange		10	140	(188)	(38)	(681)
Total income		6,220	29,417	27,909	63,546	58,109
Expenditure						
Charitable activities						
Social development programmes	7	1,878	4,540	24,789	31,207	43,409
Institutional development	8	4,005	12,749	228	16,982	13,134
Social and cultural centres		35	1,182	-	1,217	1,331
Communications and awareness raising		270	-	-	270	257
Total expenditure		6,188	18,471	25,017	49,676	58,131
Net income for the year		32	10,946	2,892	13,870	(22)
Transfers between funds		17	(18)	1	-	-
Net income before other recognised gains and losses		49	10,928	2,893	13,870	(22)
Net gain/(loss) from investments	10	-	-	-	-	5,782
Net movement in funds		49	10,928	2,893	13,870	5,760
Reconciliation of funds						
Funds brought forward		330	228,459	7,774	236,563	230,803
Total funds carried forward	20	379	239,387	10,667	250,433	236,563

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

Balance Sheet
at 31 December 2024

	<i>Notes</i>	2024		2023	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	<i>9</i>	149,466		150,781	
Investments	<i>10</i>	30,282		30,282	
		<hr/>		<hr/>	
			179,748		181,063
Current assets					
Debtors	<i>11</i>	1,028		2,002	
Cash at bank and in hand	<i>18</i>	73,554		58,514	
		<hr/>		<hr/>	
		74,582		60,516	
Creditors: amounts falling due within one year	<i>13</i>	(3,897)		(5,016)	
		<hr/>		<hr/>	
Net current assets			70,685		55,500
			<hr/>		<hr/>
Total assets less current liabilities			250,433		236,563
			<hr/>		<hr/>
Creditors: amounts falling due after one year			-		-
			<hr/>		<hr/>
Net Assets			250,433		236,563
			<hr/> <hr/>		<hr/> <hr/>
Share capital and reserves					
Called up share capital	<i>21</i>		-		-
Funds:					
Unrestricted funds					
General funds	<i>20</i>		379		330
Designated funds	<i>20</i>		239,387		228,459
Restricted funds	<i>20</i>		10,667		7,774
			<hr/>		<hr/>
			250,433		236,563
			<hr/> <hr/>		<hr/> <hr/>

The financial statements were approved by the Council and authorised for issue on and were signed on its behalf by:

16 July 2025


Member of the Council

Cash Flow Statement
for the year ended 31 December 2024

	<i>Notes</i>	2024	2023
		£000	£000
Net cash inflow from operating activities	<i>17</i>	13,169	5,474
Cash flows from investing activities			
Interest received		2,245	1,290
Receipts from sale of fixed assets		310	-
Payments to acquire fixed assets		(684)	(489)
Increase in cash and cash equivalents	<i>18</i>	15,040	6,275
Net cash at 1 January	<i>18</i>	58,514	52,239
Net cash at 31 December	<i>18</i>	73,554	58,514

Notes

(forming part of the financial statements)

1 Principal accounting policies

AKF (UK) is a charitable company limited by guarantee, company registration no 01100897, registered address 3 Cromwell Gardens, London SW7 2HB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to AKF (UK)'s financial statements.

Basis of preparation

The charitable company is considered to be a public benefit entity. The financial statements have been prepared under the historical cost convention and in accordance with the 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 (SORP), the Companies Act 2006 and applicable Accounting Standards, FRS 102.

The members of the Council have prepared the financial statements on a going concern basis with no material uncertainties, which they consider is appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of AKF (UK) and which have not been designated for other purposes. Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by AKF (UK) as part of its charitable activities for social purposes. Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to AKF (UK) at the time of the donation. Fixed assets with an acquisition cost of less than £3,000 are not capitalised. Depreciation is provided on all tangible fixed assets (with the exception of land) at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold buildings	1%
Leasehold buildings	1%
Property Improvements	5%
Property fixtures and fittings	15%

Investment properties

Investment properties are carried at fair value supported by an external independent valuation every 3 years and an annual desktop exercise that considers current market rents and yields for comparable real estate, adjusted if necessary for differences in nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Operating leases

Rentals applicable to operating leases are included in the Statement of Financial Activities on a straight-line basis over the lease term.

Notes (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the statement of financial activities.

Pension costs

AKF (UK) operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

Income

Grants, donations and legacies receivable are from institutional donors, private donors and AKF Geneva. Donations and legacies are recognised when they become receivable, and tax reclaimed on gift aid donations is accounted for in the period of the associated gift. Grants receivables represent those grants where AKF (UK) has signed the contract with the funding agency and accepts responsibility for their application: these are recognised when the grant conditions are met and when AKF (UK) becomes entitled to each instalment of the grant funding. Entitlement to grant income is considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Rental income is receivable from commercial unit tenants and third-party property management organisations and are recognised when they become receivable.

Expenditure

Grants made are recorded on a commitment basis when there is a signed agreement or other unconditional commitment made to a grant recipient and all other expenditures are recorded on an accruals basis. Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by AKF (UK). Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by AKF (UK) as part of its charitable activities for social purposes. Expenditure under restricted funds is allocated specifically to the related projects. Support costs are allocated to the relevant charitable activity on the basis of the proportion of employee time spent on each activity.

Accounting estimates and key judgements

In the application of the AKF (UK)'s accounting policies, judgements, estimates and assumptions about the carrying value of assets and liabilities are made. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The key areas of judgement included in the financial statements are summarised below:

- (i) Valuation of investment properties - Investment properties are carried at fair value supported by external valuers as disclosed in note 10.
- (ii) Potential impairment of fixed assets - Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.
- (iii) Depreciation of fixed assets – Fixed assets are depreciated at rates calculated to write off the cost over their expected useful economic lives

2 Members of the Council's emoluments

No emoluments were paid to nor reimbursement of expenses received by the members of the Council for their duties (2023: £0).

Notes (continued)

3 Employee Information

	2024	2023
	£000	£000
Salaries and wages	5,292	4,309
Social security costs	615	483
Pension costs	479	375
Other benefits	<u>191</u>	<u>171</u>
	<u>6,577</u>	<u>5,338</u>

Included within staff costs above is £0k (2023: £35k) relating to redundancy and termination costs. At the end of the year, £0k (2023: £0k) was still to be paid. Senior Management personnel earned total salary and benefits of £783k (2023: £794k) and pension contributions totalling £72k (2023: £68k). The average number of staff employed by AKF (UK) during the year is:

	2024	2023
	Number	Number
Communication	3	3
Finance and Administration	9	8
Grant administration	23	21
Victoria Hall Management	7	7
Aga Khan Centre Management	9	9
AKDN Programmes	<u>24</u>	<u>17</u>
	<u>75</u>	<u>65</u>

Employees earning above £60,000

	2024	2023
	Number	Number
£60,001 - £70,000	5	3
£70,001 - £80,000	6	4
£80,001 - £90,000	2	2
£90,001 - £100,000	3	2
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£150,001 - £160,000	1	2
£160,001 - £170,000	1	-
£170,001 - £180,000	-	1
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-
£250,001 - £260,000	1	-
£280,001 - £290,000	1	-
£310,001 - £320,000	-	1
£340,001 - £350,000	2	1

Pension contribution totalling £318k were made for these employees during the year (2023: £242k).

Notes (continued)

4 Expenditure

Expenditure for the year is stated after charging the following costs.

	2024	2023
	£000	£000
Depreciation (note 9)	2,103	2,745
Audit fee – Crowe UK audit of these financial statements	50	48
Auditor’s remuneration for non-audit services	<u>4</u>	<u>5</u>

The £4k disclosed above for non-audit fees includes fees relates to corporation tax computation and a project audit. The audit fee for the year ending 31 December 2024 was £36,700 excluding VAT.

5 Support costs

The support costs of AKF (UK) consist of three cost elements. Support costs are allocated on a basis consistent with the use of resources and the calculation of allocation is determined by the percentage of time spent on each category by the relevant staff.

	Human Resources £000	Office Expenses & Technology £000	Travel Expenses £000	Total 2024 £000	Total 2023 £000
Unrestricted funds					
Social development programmes	1,337	386	154	1,877	1,835
Institutional development	222	64	2	288	285
Social and cultural centres	22	6	7	35	34
Communications and awareness raising	<u>193</u>	<u>56</u>	<u>21</u>	<u>270</u>	<u>256</u>
	<u>1,774</u>	<u>512</u>	<u>184</u>	<u>2,470</u>	<u>2,410</u>

6 Grants and donations received

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Social development programmes				
European Commission (including ECHO)	-	8,248	8,248	4,396
Netherlands Ministry of Foreign Affairs	-	5,357	5,357	-
Swiss Agency for Development and Cooperation (SDC)	-	4,245	4,245	3,755
Aga Khan Foundation (USA)	4,194	-	4,194	4,716
KfW	-	2,969	2,969	1,972
Fondation Chanel	-	1,581	1,581	-
Deutsche Gesellschaft für Internationale Zusammenarbeit	-	1,411	1,411	87
Porticus	-	902	902	520
Oak Foundation	-	786	786	829
UK Foreign, Commonwealth & Development Office (FCDO)	-	588	588	11,116
Atlassian Foundation International	-	396	396	395
Islamic Development Bank	-	381	381	138
The Lego Foundation	-	289	289	515
Jacobs Foundation	-	45	45	1,464
German Federal Foreign Office	-	(12)	(12)	1,817
UBS Optimus	-	-	-	1,310
Dubai Cares	-	-	-	165
Vitol Foundation	-	-	-	120
Other donations	<u>726</u>	<u>773</u>	<u>1,499</u>	<u>1,532</u>
	<u>4,920</u>	<u>27,959</u>	<u>32,879</u>	<u>34,847</u>

6 Grants and donations received (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Institutional development				
Donations in commemoration of His Highness' Diamond Jubilee	3,545	-	3,545	2,373
Donations designated to the Aga Khan University	3,427	-	3,427	4,640
Donations designated to The Institute of Ismaili Studies	2,997	-	2,997	359
Donations designated to Kings Cross operational costs	1,369	-	1,369	1,574
Donations designated to Aga Khan Foundation Portugal	-	138	138	-
Donations designated to the Aga Khan Schools	1	-	1	206
Other donations	<u>7,720</u>	<u>-</u>	<u>7,720</u>	<u>6,552</u>
	<u>19,059</u>	<u>138</u>	<u>19,197</u>	<u>15,704</u>

7 Expenditure on social development programmes

The following tables show grants paid to institutions by country.

Brazil

Schools 2030 - Trilha Pesquisa

-	-	-	49
---	---	---	----

Total for Brazil programmes

-	-	-	49
---	---	---	----

Canada

Batken-Sughd Cross Border Development Project (Phase II) - Global Centre for Pluralism

-	-	-	24
---	---	---	----

Total for Canada programmes

-	-	-	24
---	---	---	----

Egypt

OHF Protocol Framework Agreement with Ministry of Social Solidarity - Om Habibeh Foundation, Egypt

31	-	31	-
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Creating Access to Cairo's Islamic Cultural Heritage - Aga Khan Cultural Services Egypt

2	18	20	54
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Women in Agriculture Phase 2: She Farms - Om Habibeh Foundation, Egypt

20	-	20	-
----	---	----	---

Sustainable Improvement of Responsive Development Services in Aswan - Om Habibeh Foundation, Egypt

8	-	8	-
---	---	---	---

Total for Egypt programmes

<u>61</u>	<u>18</u>	<u>79</u>	<u>54</u>
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Finland

Schools 2030 - HundrEd.org

-	-	-	160
---	---	---	-----

Total for Finland programmes

-	-	-	160
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Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Afghanistan				
Opportunities for Mainstreaming Inclusive Development (OMID) - Aga Khan Foundation Afghanistan	-	3,069	3,069	2,569
Food-security and Agricultural Sustainability for Livelihood Improvement (FASL) - Aga Khan Foundation Afghanistan	-	1,807	1,807	1,805
Building Climate Resilience and Promoting Inclusive Local Growth in Afghanistan - Aga Khan Foundation Afghanistan	-	1,692	1,692	-
EC Strengthening COVID-19 Response in Afghanistan - Aga Khan Foundation Afghanistan	-	1,070	1,070	968
GIZ Employable Skills and MSME support project - Aga Khan Foundation Afghanistan	-	1,019	1,019	-
Strengthening of Community-Based Health Care and Provision of Education and Employment Opportunities for Girls and Young Women - Aga Khan Foundation Afghanistan	-	703	703	-
EC Afghanistan Livelihood Stabilisation Programme - Aga Khan Foundation Afghanistan	439	115	554	4,074
Schools 2030 - Aga Khan Foundation Afghanistan	333	60	393	124
Sustainable and Inclusive Transformation of Agrarian Economies in Rural Afghanistan (SITARA) - Aga Khan Foundation Afghanistan	-	382	382	138
Afghanistan Humanitarian Appeal - Aga Khan Foundation Afghanistan	-	314	314	2,169
Forest Landscape Restoration for Food Security - Aga Khan Foundation Afghanistan	-	299	299	66
Improving Adolescents Lives in Afghanistan (IALA) - Aga Khan Foundation Afghanistan	181	66	247	-
Data Collection Survey on Maternal and Child Nutrition in North-Eastern and Central Afghanistan - Aga Khan Foundation Afghanistan	-	124	124	64
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Afghanistan	36	74	110	336
Early Childhood Development - Aga Khan Foundation Afghanistan	-	102	102	-
Improving access to life-saving health, and psychological services in Afghanistan - Aga Khan Foundation Afghanistan	88	-	88	560
Provision of essential nutrition services for children under 2 & pregnant and lactating women (PLW) - Aga Khan Foundation Afghanistan	-	59	59	-
RISE Afghanistan - Aga Khan Foundation Afghanistan	-	14	14	6,863
GFFO Emergency Health Assistance Afghanistan - Aga Khan Foundation Afghanistan	-	(3)	(3)	2,601
PATRIIP Supporting Cooperation and Opportunities for Regional Economic Development (SCORED) - Aga Khan Foundation Afghanistan	-	(44)	(44)	-
FCDO Leave No Girl Behind - Aga Khan Foundation Afghanistan, CARE International UK, Catholic Relief Services and Save the Children Promoting Access to Educational Institutions in the Cross-Border Districts - Aga Khan Foundation, Afghanistan	-	-	-	3,285
Essential Multi-Sector Programme in the Central Highlands and North-Eastern Afghanistan (EMSP) - Aga Khan Foundation Afghanistan	-	-	-	129
EC Improve Participatory Management and Efficiency of Rangelands and Watersheds - Aga Khan Foundation, Afghanistan	-	-	-	87
Emergency Assistance and Livelihoods Support for Vulnerable Households in the Northeast and Central Highlands of Afghanistan - Aga Khan Foundation Afghanistan	-	-	-	30
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation, Pakistan & Aga Khan Agency for Habitat, Afghanistan	-	-	-	(44)
Improving Educational Opportunities in the Cross-Border Areas - Aga Khan Foundation, Afghanistan	-	-	-	(86)
Cross-Border Commission Integrated Infrastructure - Aga Khan Foundation Afghanistan	-	-	-	(261)
Total for Afghanistan programmes	1,077	10,922	11,999	25,930

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
India				
Schools 2030 - Eklavya Foundation and Aga Khan Foundation India	-	117	117	213
Yuva Junction Expansion: Building Careers for Rural Youth - Aga Khan Rural Support Programme (AKRSP) India	112	-	112	65
Pathways to low carbon agriculture in India - Aga Khan Rural Support Programme (AKRSP) India and Aga Khan Foundation India	99	-	99	81
Strengthening the AKF Lehar Programme - Aga Khan Foundation India	-	37	37	46
Supporting Local Authorities for Accountable, Responsive and Transparent Systems for Solid Waste Management - Aga Khan Foundation India and Gram Swarajya Samiti Ghose (GSSG)	-	-	-	55
	<hr/>	<hr/>	<hr/>	<hr/>
Total for India programmes	211	154	365	460
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Kyrgyz Republic				
Schools 2030 - Aga Khan Foundation Kyrgyz Republic	188	211	399	337
Education for Stability in Border Regions of Kyrgyz Republic - Aga Khan Foundation Kyrgyz Republic	-	353	353	-
Accelerating Education Attainment in Central Asia for Resilience (AEAR - CA) - University of Central Asia and Aga Khan Foundation Kyrgyz Republic	-	218	218	-
Accelerate Prosperity in Central and South Asia - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan, University of Central Asia Kyrgyzstan and Aga Khan Foundation Kyrgyz Republic	-	116	116	603
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	-	14	14	277
Economic Recovery of Agricultural Value Chains in Kyrgyzstan and Tajikistan II - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan	-	7	7	-
Accelerating Women, Youth, and Green Entrepreneurs (AWYGE) - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan	-	-	-	265
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation Kyrgyz Republic	-	-	-	47
Sustainable Winter Tourism Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total for Kyrgyz Republic programmes	188	919	1,107	1,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Kenya				
EC AKDN Regional Eastern Africa COVID-19 Response Partnership - Aga Khan Foundation East Africa	-	294	294	904
Schools 2030 - Aga Khan Foundation East Africa	148	35	183	218
	<hr/>	<hr/>	<hr/>	<hr/>
Total for Kenya programmes	148	329	477	1,122
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Madagascar				
EU IDAREC Agroecological Intensification and diversification for economic and climate resilience (Diana, Sava and Analanjirifo) - Aga Khan Foundation Madagascar (OSDRM)	17	1,185	1,202	22
EU SANIDA Improving food security and nutrition in Madagascar - Aga Khan Foundation Madagascar (OSDRM)	-	72	72	462
Increasing socio-ecological resilience to climate change in the Barren Isles - Aga Khan Foundation Madagascar (OSDRM)	21	6	27	25
Madagascar Innovations Leverage for Climate Adaptation - Aga Khan Foundation Madagascar (OSDRM)	-	-	-	16
Food Assistance for Famine in Southern Madagascar / Emergency Food Assistance (EFA) - Aga Khan Foundation Madagascar (OSDRM)	-	-	-	16
SPEEDRICE: "Scaling-up, Promoting and Expanding Effortless Direct-seeding RICE permaculture" - Aga Khan Foundation Madagascar (OSDRM)	-	-	-	12
Total for Madagascar programmes	38	1,263	1,301	553
Mozambique				
AgroVida - Strengthening Food Production Systems in Cabo Delgado province - Aga Khan Foundation Mozambique, SmartFarming BV and ThirdWay Impact Advisors	-	2,172	2,172	-
Strengthening Social Cohesion in Cabo Delgado, Phase II (COESO Phase II) - Aga Khan Foundation Mozambique	-	487	487	178
ResiNorte - Strengthening PeaceSocial Cohesion in Cabo Delgado, Phase II (COESO Phase II) - Aga Khan Foundation Mozambique	89	-	89	-
Juntos! Phase 4 - Aga Khan Foundation Mozambique	22	14	36	91
Juntos! Greater Porto (Juntos! GP) - Aga Khan Foundation Mozambique	22	-	22	-
Strengthening Social Cohesion and Resilience to Radicalization in Cabo Delgado - Aga Khan Foundation Mozambique	-	-	-	185
LEAP: Enhancing coastal and marine socio-ecological resilience and biodiversity conservation in the Western Indian Ocean- Aga Khan Foundation Mozambique	-	-	-	39
Total for Mozambique programmes	133	2,673	2,806	493
Netherlands				
Schools 2030	-	-	-	98
Total for Netherlands programmes	-	-	-	98

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Pakistan				
Building Resilience of Civil Society and Youth to COVID-19 in Gilgit-Baltistan and Chitral - Aga Khan Foundation Pakistan	111	368	479	198
Improved Road Infrastructure and Market Access in Immit Valley - Aga Khan Foundation Pakistan	-	445	445	-
Supporting an Integrated Package of Systems Strengthening, Nutrition, and Immunisation in Pakistan - Aga Khan Foundation Pakistan	79	319	398	-
Pakistan Flood Recovery and Resilience, Improved resilience to climate change of communities and ecosystems in Gilgit-Baltistan and Chitral - Aga Khan Foundation Pakistan	-	382	382	718
Energy Plus: Energy for Climate Resilience in Gilgit-Baltistan (GB) and Chitral district in Khyber Pakhtunkhwa (KP) - Aga Khan Foundation Pakistan	336	-	336	-
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation Pakistan	-	272	272	117
Education for Prosperity- Aga Khan Foundation Pakistan	-	167	167	140
All-weather access road for cross-border tourism areas - Aga Khan Foundation Pakistan	-	79	79	-
Lives in Dignity - Aga Khan Foundation Pakistan	16	-	16	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Pakistan	-	1	1	-
Schools 2030 - Aga Khan Foundation Pakistan and ITA Pakistan	-	-	-	259
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) - Aga Khan Foundation, Pakistan	-	-	-	61
Total for Pakistan programmes	542	2,033	2,575	1,493
Portugal				
Schools 2030 - Aga Khan Foundation Portugal	138	287	425	423
Juntos! Greater Porto (Juntos! GP) - Aga Khan Foundation Portugal	74	-	74	-
Total for Portugal programmes	212	287	499	423
Switzerland				
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Geneva	-	26	26	27
Total for Switzerland programmes	-	26	26	27
Syria				
Road to Resilience: Making rural Agricultural Communities in Syria more viable – Aga Khan Foundation Syria	-	177	177	-
TA'MIN - Technical Assistance to explore the feasibility of pre-payment Mechanisms, Insurance, safety Nets & health workforce issues – Aga Khan Health Services Syria	57	30	87	502
Climate and Economic Resilience through Livestock Intensification in Syria (CERLIS) – Aga Khan Foundation Syria	-	26	26	758
Total for Syria programmes	57	233	290	1,260

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Tajikistan				
Electrification of Shuhada & Ishkashim, Badakhshan – Pamir Energy	-	2,270	2,270	-
Shugnan VI Energy Cross Border Project Phase I - Pamir Energy	-	834	834	327
Shugnan VI Energy Cross Border Project Phase II - Pamir Energy	-	116	116	544
Integrated Natural Resources Management in Zaravshon Valley (INVEST) - Aga Khan Foundation Tajikistan	547	-	547	-
Improving Community Resilience through Sustainable Livelihoods in the Rasht Valley - Aga Khan Foundation Tajikistan	298	-	298	296
Schools 2030 - Aga Khan Foundation Tajikistan	24	104	128	381
EC Supporting Co-operation and Opportunities for Regional Economic Development (SCORED) - Aga Khan Foundation, Tajikistan	124	-	124	-
Establishment of a fibre processing unit with dehairing and storage in cross-border areas - Aga Khan Foundation, Tajikistan	-	85	85	305
Critical Infrastructure Contributing to Stability and Peace, Phase II - Aga Khan Foundation Tajikistan	-	32	32	396
Supporting Accelerated Growth for Entrepreneurship (SAGE) - Aga Khan Foundation Tajikistan	32	-	32	-
Accelerate Prosperity - Aga Khan Foundation Tajikistan	-	23	23	328
Accelerating Inclusive Market and Economic Development in Tajikistan (AIMED) - part of TRIGGER II - Aga Khan Foundation Tajikistan	17	-	17	69
Economic Recovery of Agricultural Value Chains in Kyrgyzstan & Tajikistan II - Aga Khan Foundation Tajikistan	-	10	10	-
Accelerating Women, Youth, and Green Entrepreneurs (AWYGE) - Aga Khan Foundation Tajikistan	-	(3)	(3)	211
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Tajikistan	-	(18)	(18)	143
PATRIP Supporting Co-operation and Opportunities for Regional Economic Development (SCORED) - Aga Khan Foundation, Tajikistan	-	(61)	(61)	-
Shugnan VII Cross-Border Energy Project - Pamir Energy	-	-	-	230
Integrated Health and Habitat Improvement (IHHI) Rasht - Aga Khan Foundation Tajikistan	-	-	-	90
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation, Kyrgyz Republic	-	-	-	21
Total for Tajikistan programmes	1,042	3,392	4,434	3,341
Tanzania				
Schools 2030 - Aga Khan Foundation East Africa	80	125	205	402
Oncology Comprehensive Cancer Project - Aga Khan Health Service (AKHS) Tanzania	-	-	-	821
Total for Tanzania programmes	80	125	205	1,223
Uganda				
Schools 2030 -Aga Khan Foundation East Africa	75	170	245	287
In Their Hands -Aga Khan Foundation East Africa	-	-	-	78
Total for Uganda programmes	75	170	245	365
United States of America				
Schools 2030 – ECD Measure and Save the Children	-	-	-	142
Total for United States programmes	-	-	-	142

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
United Kingdom				
Schools 2030	250	786	1,036	281
Accelerate Prosperity in Central and South Asia	-	153	153	55
Accelerating Women, Youth, and Green Entrepreneurs (AWYGE)	-	6	6	-
EC AKDN Regional Eastern Africa COVID-19 Response Partnership	-	(123)	(123)	123
Teacher for the Planet	-	-	-	143
	<hr/>	<hr/>	<hr/>	<hr/>
Total for United Kingdom programmes	250	822	1,072	602
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Grants made for social development	4,114	23,366	27,480	39,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Non-Grant Expenditure	2,304	1,423	3,727	4,060
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure for social development	6,418	24,789	31,207	43,409
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Expenditure on institutional development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
The Institute of Ismaili Studies for their educational programmes	3,225	94	3,319	124
Aga Khan University Foundation various projects	3,292	-	3,292	3,415
Aga Khan Foundation Portugal, for the Global Encounters programme	-	134	134	-
Aga Khan Foundation Geneva, various projects	69	-	69	100
Aga Khan Schools for their educational programmes	42	-	42	178
Aga Khan Agency for Habitat programmes	1	-	1	1
Aga Khan Health Services	1	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Grants made for institutional development	6,630	228	6,858	3,818
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Non-Grant Expenditure	10,124	-	10,124	9,316
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure for institutional development	16,754	228	16,982	13,134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Tangible fixed assets

	Freehold Land & Buildings £000	Long Leasehold Land & Buildings £000	Property Improvements £000	Property Fixture and fittings £000	Assets Under Construction £000	Total £000
Cost						
At 1 January 2024	35,157	133,935	2,182	10,979	576	182,829
Additions	-	-	21	45	779	845
Disposals	(57)	-	-	-	-	(57)
Transfers	-	-	532	70	(602)	-
At 31 December 2024	<u>35,100</u>	<u>133,935</u>	<u>2,735</u>	<u>11,094</u>	<u>753</u>	<u>183,617</u>
Depreciation						
At 1 January 2024	16,528	4,296	1,371	9,853	-	32,048
Charge for the year	107	1,010	73	949	-	2,139
Disposals	(36)	-	-	-	-	(36)
At 31 December 2024	<u>16,599</u>	<u>5,306</u>	<u>1,444</u>	<u>10,802</u>	<u>-</u>	<u>34,151</u>
Net book value						
At 31 December 2024	<u><u>18,501</u></u>	<u><u>128,629</u></u>	<u><u>1,291</u></u>	<u><u>292</u></u>	<u><u>753</u></u>	<u><u>149,466</u></u>
At 31 December 2023	<u><u>18,629</u></u>	<u><u>129,639</u></u>	<u><u>811</u></u>	<u><u>1,126</u></u>	<u><u>576</u></u>	<u><u>150,781</u></u>

All assets are held for charitable purposes.

Notes *(continued)*

10 Investments

Investment in shares

AKF (UK) owns one ordinary share of £1 (1% of the issued and paid-up share capital) in The Institute of Ismaili Studies (2023: £1), which is incorporated in England.

Investment in property

Investment property comprises Fenman House in the Kings Cross estate that is leased to a third party. Changes in fair values are recognised as investment gains or losses in the Statement of Financial Activities.

The historical cost of this property was £20.6m and the most current valuation was carried out in December 2023 by a MRICS independent valuer of Wilks Head & Eve LLP. When arriving at their valuation, they considered sales from within the King's Cross Estate in order to compare recent sales data. The independent valuation, recent market data and recent market trends have all been taken into account by the Council in their decision to keep the balance sheet value at £30.3m.

	2024	2023
	£000	£000
Balance at 1 January	30,282	24,500
Acquisitions	-	-
Change in Fair Value	-	5,782
Balance at 31 December	30,282	30,282

11 Debtors

	2024	2023
	£000	£000
Prepayments and accrued income	928	1,690
Debtors with other AKDN Agencies	99	311
Other debtors	1	1
	1,028	2,002

Debtors with other AKDN Agencies includes £22k with AKF Geneva (2023: £117k), £0k with Aga Khan Schools (2023: £15k), £27k with Aiglemont French Delegation (2023: £0k), £6k with AKAH (2023: £0k), £0k with AKDN (2023: £179k) and £44k with AKF Afghanistan (2023: £0k).

Notes (continued)

12 Lease commitments as a lessor

AKF (UK) has four operating lease contracts in place as a lessor. The first relates to Fenman House in the Kings Cross estate that is leased to a third party. The original lease was for 4 years until 31 January 2023 with annual rents indexed to RPI, however this was extended in January 2023 for a further 3 years to 31 January 2026.

In addition, there are contracts in place for three commercial units, the first two in Aga Khan Centre and the third in Victoria Hall. The two units in Aga Khan Centre are leased to third parties and the contract runs until 28 September 2039 and 24 December 2036 respectively. The unit at Victoria Hall is leased to a separate third party and runs until the 3 September 2037. AKF (UK) has future minimum lease receipts under non-cancellable operating leases for each of the following periods.

	2024 £000	2023 £000
Receivable in less than 1 year	1,120	1,157
Receivable between 1 and 5 years	918	1,889
Receivable in greater than 5 years	-	102
	2,038	3,148
	2,038	3,148

13 Creditors

	2024 £000	2023 £000
Amounts falling due within one year		
Accruals and deferred income	2,663	2,940
Grants Payable	786	1,464
Trade creditors	122	278
Payroll taxes	200	183
Other creditors	124	149
Creditors with other AKDN Agencies and affiliated institutions	2	2
	3,897	5,016
	3,897	5,016

Grants payable (all falling due within one year)

	£000
As at 1 January	1,464
Grants committed in the year	26,870
Grants paid in the year	(27,548)
	786
As at 31 December	786

Deferred income

	£000
As at 1 January	1,513
Amounts released to income	(1,513)
Amounts due within one year	1,486
	1,486
As at 31 December	1,486

Income has been deferred where it has been received in advance of contractual obligations with regards to rental income and grant income. All deferred income carried forward is released in the subsequent period.

Notes *(continued)*

14 Future grant commitments

Future grant commitments related to work to be carried out by AKF (UK)'s implementing partners amount to £98.1m. These represent grant agreements signed before 1 January 2025 for payment in future years. All commitments are funded by institutional grants, are made in connection with institutional grants for the programmes referred to in Note 7 and there are no performance-related conditions attached to these commitments.

15 Taxation

AKF (UK) is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

16 Pension scheme

AKF (UK) operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by AKF (UK) to the scheme and amounted to £479k (2023: £375k), £70k was payable at 31 December 2024 (2023: £60k).

17 Reconciliation of net income to net cash inflow from operating activities

	2024	2023
	£000	£000
Net income / movement in funds	13,870	5,760
Depreciation on tangible fixed assets	2,139	2,745
(Profit)/Loss on the sale of fixed assets	(289)	-
(Gain) / Loss on Investment	-	(5,782)
Gift in kind donations capitalised	(161)	(194)
Interest received	(2,245)	(1,290)
Decrease / (Increase) in debtors	974	3,796
(Decrease) / Increase in creditors	(1,119)	439
	13,169	5,474
Net cash inflow / (outflow) from operating activities	13,169	5,474

18 Cash and cash equivalents

	2024	2023
	£000	£000
Changes in the year		
At 1 January	58,514	52,239
Net cash inflow/(outflow)	15,040	6,275
	73,554	58,514
At 31 December	73,554	58,514

Notes (continued)

19 Capital commitments

Conditional capital commitments

There were no material capital commitments as at 31 December 2024.

20 Reconciliation of funds

	Unrestricted Funds			2024 Total £000	2023 Total £000
	General Funds £000	Designated Funds £000	Restricted Funds £000		
Balance at 1 January	330	228,459	7,774	236,563	230,803
Income	6,210	29,277	28,097	63,584	58,790
Expenditure	(6,188)	(18,471)	(25,017)	(49,676)	(58,131)
Recognised Gains / (Losses)	10	140	(188)	(38)	(681)
Gain / (Loss) on Investment	-	-	-	-	5,782
Transfer of funds	17	(18)	1	-	-
Balance at 31 December	<u>379</u>	<u>239,387</u>	<u>10,667</u>	<u>250,433</u>	<u>236,563</u>
Represented by:					
Fixed assets	-	179,748	-	179,748	181,063
Current assets	838	62,232	11,512	74,582	60,516
Current liabilities	(459)	(2,593)	(845)	(3,897)	(5,016)
	<u>379</u>	<u>239,387</u>	<u>10,667</u>	<u>250,433</u>	<u>236,563</u>

General funds are held to provide cashflow reserves and working capital. Restricted funds relate to social development projects and will be spent in 2025. Designated funds represent funds earmarked by the Council for the following purposes:

Designated Funds	Social Development £000	Institutional Development £000	Social £000	2024 Total £000	2023 Total £000
	Balance at 1 January	926	203,216	24,317	228,459
Income	4,920	20,600	3,757	29,277	24,849
Expenditure	(4,540)	(12,749)	(1,182)	(18,471)	(16,761)
Recognised Gains / (Losses)	116	24	-	140	(1,300)
Gain / (Loss) on Investment	-	-	-	-	5,782
Transfer of funds	(21)	(714)	717	(18)	68
	<u>1,401</u>	<u>210,377</u>	<u>27,609</u>	<u>239,387</u>	<u>228,459</u>
Represented by:					
Fixed assets	-	159,183	20,565	179,748	181,063
Current assets	2,084	53,104	7,044	62,232	49,245
Current liabilities	(683)	(1,910)	-	(2,593)	(1,849)
	<u>1,401</u>	<u>210,377</u>	<u>27,609</u>	<u>239,387</u>	<u>228,459</u>

Social Development funds will be used as co-financing for projects in 2025. Institutional Development funds are mainly fixed assets and cash reserves will be used to support AKDN institutions and mostly used in 2025. Social funds are mainly fixed assets and the cash reserves are held to develop these properties as required.

Notes (continued)

21 Called up share capital

	2024	2023
	£	£
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

According to the Memorandum of Association the liability of the members is limited. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up, such amount not exceeding £1. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

22 Conduit Funds

In 2024 AKF (UK) acted as a conduit for a number of entities. The amount of funds that passed through AKF (UK) in 2024 was £20.3m. The amount of funds held at the end of the year was £0k (2023: £570k). These funds were received by AKF (UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF (UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

23 Post Balance Sheet Event

Prince Alykhan Hospital Trust (PAHT) is undertaking a redevelopment of its Aga Hall site in Mumbai, India. The redevelopment project will construct new residential accommodation and community facilities including for medical and educational purposes. AKF (UK) is supporting this redevelopment by providing the ability for Standard Chartered Bank (SCB) to call on AKF (UK) in the event that PAHT fails to pay under its bank loan facilities.

The full amount of loans available to PAHT under its bank loan facilities covered by the credit support from AKF (UK) totals approximately USD63m. In order to secure AKF (UK)'s reimbursement obligation to SCB, on 17 January 2025, AKF (UK) granted security to SCB over cash deposit accounts of AKF (UK) with SCB and a mortgage over the Victoria Hall property in London owned by AKF (UK).

24 Ultimate holding company

The ultimate holding company is Aga Khan Foundation Geneva, which is incorporated in Switzerland (UID - CHE-100.845.311) and beneficially owns one hundred percent of the shares of AKF (UK).

25 Related party transactions and other AKDN agencies

There have been no related party transactions between AKF (UK) and the members of the Council in 2024 (see note 2). Transactions with AKF Geneva and agencies within the Aga Khan Development Network consist of the following:

- costs associated with projects funded by other AKDN agencies (notes 11 and 13); and
- grants and donations of funding for projects, programmes and other activities supported by AKF (UK) (notes 6, 7 and 8).

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales - Charity number 266518

Accounts

Aga Khan Foundation (United Kingdom)

Report of Council and Financial Statements

31 December 2023

Registered Number 01100897

Registered Charity Number 266518

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Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the Aga Khan Foundation (United Kingdom) (hereinafter “charitable company” or “AKF (UK)”) for the year ended 31 December 2023. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting & Reporting by Charities” in preparing the annual report and financial statements.

Reference and administrative information

Members of the Council

The members of the Council during the year to 31 December 2023 were:

His Highness the Aga Khan
Prince Ayn Mohamed Aga Khan
Prince Rahim Aga Khan
Princess Zahra Aga Khan
Alan Abela
Jane Piacentini-Moore

National Committee

The Council are supported by a National Committee, whose members (who are not directors) at 31 December 2023, were:

Mahmood H. Ahmed	Chairman
Abyd Karmali	Vice Chairman
Salimah Currimbhoy	
Naushad Jivraj	
Faaiza Lalji	
Dr. Gurdofarid Miskinzoda	
Munira Nathoo	
Dr. Nacim Pak-Shiraz	
Shainila Pradhan	

Secretary

Habib Motani

Chief Executive Officer

Dr. Matthew Reed

Senior Management

The members of Senior Management at 31 December 2023, were:

Jasmin Jahanshahi
Christina Jorgensen
Gradleigh Ruderham
Christopher Wilton-Steer

Registered office

3 Cromwell Gardens, London SW7 2HB

Registered auditor

Crowe U.K. LLP
55 Ludgate Hill, London EC4M 7JW

Main Bankers

Lloyds Bank plc
39 Threadneedle Street, London EC2R 8AU

Report of the Council *(continued)*

Structure, governance and management

Governing document

Aga Khan Foundation (United Kingdom) is a company limited by guarantee and having share capital, incorporated on 9 March 1973, and registered as a charity, in England and Wales on 4 December 1973. The objects and powers of AKF (UK) were established in its Memorandum of Association and are governed by its Articles of Association.

Appointment

The members of the Council who held office during the financial year and at the date of this report are set out on page 1. As set out in the Articles of Association, the members of the Council (other than His Highness the Aga Khan) are appointed by the holder(s) of a simple majority of the issued shares in the capital of AKF (UK).

The Council are supported by the National Committee for governance and supervision of AKF (UK). The National Committee is appointed by the Council. The names of the members of the National Committee are set out on page 1.

Induction and training

New members of the Council review written materials and undergo an informal orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision-making processes, the objectives and strategies, and the recent financial performance of AKF (UK).

The current members of the Council have acquired in-depth knowledge of the work of AKF (UK) and the Aga Khan Development Network (hereinafter "AKDN") as a whole. The annual global Aga Khan Foundation budget meeting involves the production of comprehensive information, including a progress report on all significant activities, an update on performance against annual budgets and an update on the programmes. Additional information is submitted to the Council regularly throughout the year, to ensure they are kept abreast of key developments. Additional meetings on specific topics of concern to the Council are scheduled on an as-needed basis. This process ensures that the Council are kept abreast of the on-going activities of AKF (UK) and has a strong understanding of the relationships and transactions with related parties of AKF (UK) within the AKDN. In view of this, no additional on-going training for the members of the Council is needed.

The National Committee was re-appointed on 1 September 2020. When new National Committee members are appointed, a formal induction is arranged. New members are briefed about how AKF (UK) engages in its different roles, its objectives and the role of the National Committee to help achieve those objectives. The National Committee comprises members representing a mix of skills including management, accounting, legal and communications.

Organisation

The Council, which can have up to seven members, governs AKF (UK). A Chief Executive Officer (CEO) is appointed by the Council to manage the day-to-day operations of AKF (UK). The Council meets annually, with meetings of its sub-committees throughout the year, and is supported by the National Committee, as stated above, in the governance and supervision of AKF (UK). Day-to-day running and management of AKF (UK) has been delegated by the Council to the CEO who, in addition to reporting to the Council, also reports to the General Manager of the Aga Khan Foundation in Geneva and the National Committee.

The National Committee has established a sub-committee to support the finance and administration of AKF (UK). During 2023 an additional sub-committee was created to support AKF(UK) in managing its properties. Both sub-committees meet monthly. The skills and experience of the Committee members have helped AKF (UK) in achieving its objectives.

As a member of the AKDN, AKF (UK) draws upon the experience of the wider AKDN network. However, it has stand-alone operating policies and procedures.

The CEO and Heads of Departments are considered to be the senior management personnel of AKF (UK). The remuneration of the CEO is recommended to the Council by the General Manager and leadership of the Aga Khan Foundation in Geneva and in consultation with the National Committee. This process includes benchmarking against the UK charities and development sector, benchmarking across AKDN agencies and other international development charities worldwide and consideration of the CEO's depth of experience in the sector and role.

Interests of members of the Council

No member of the Council had, at any time during the year, any interests in any shares of AKF (UK) which would require disclosure within this report.

Report of the Council *(continued)*

Charity Governance Code

The Charity Governance Code is designed as a tool to support continuous improvement of an organisation's governance. The Council has reviewed the Code and its key principles and believes that the governance of AKF (UK) is in line with the Code.

Objectives and Activities

Principal activities

AKF (UK) is registered as a charity in England and Wales, is an affiliate of the Aga Khan Foundation, and is part of the Aga Khan Development Network. The members of the Council confirm that they have had regard to the Charity Commission guidance on public benefit when reviewing and setting AKF (UK)'s aims and objectives. Its principal activities are social development, institutional development and social activities. These activities promote and provide for the advancement of education, health, rural development, the environment and support to civil society. The objects of AKF (UK) as set out in its memorandum and articles includes the advancement of education through the creation and support of educational institutions, to provide facilities for study, accommodation and religious worship, to relieve human suffering and sickness, to provide or assist in the interests of social welfare, and to relieve poverty.

Fundraising

AKF (UK)'s fundraising activities are substantially directed at government agencies and institutions and not at the general public. Whilst AKF (UK) receives unrestricted income from individuals it does not actively fundraise for this and as such no special measures are required to protect vulnerable people and other members of the public from unreasonable intrusion or behaviour. AKF (UK) organises events to increase awareness of its and the AKDN's activities, and donations are often received following such events. In the context of significant events or initiatives relating to the AKDN or the Ismaili community, supporters sometimes choose to make donations to AKF (UK). In many years individuals enter charity runs or similar events selecting AKF (UK) as their chosen beneficiary. AKF (UK) itself also holds a charity walk and run in some years. AKF (UK) is not registered with the Fundraising Regulator. Any fundraising activities that take place are carried out by AKF (UK) staff or volunteers and no complaints were received relating to them during the year.

Grant-making policy

AKF (UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to a range of development challenges in the fields of education, health, rural development, the environment and civil society, and by supporting these approaches through grants to organisations that share its goals. AKF (UK) does not accept applications for grants, but instead works collaboratively with partner organisations to develop proposals for donors and then acts as the prime agency in making grants to the partner organisations. These partner organisations are primarily agencies of AKDN, and organisations selected by those agencies in the field based on common values, approaches, goals and objectives. AKF (UK) works very closely with these grantees in the design, implementation and monitoring of projects. The aim is to create a critical mass of focused and innovative activities, complementing each other within and across sectors, in order to make a significant contribution to social development and improving quality of life. Additionally in 2023 AKF(UK) acted as a conduit for a number of entities. These funds were received by AKF(UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF(UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

Social development

The primary role of AKF (UK) in the area of social development is to act as an interface between institutional and private donors on the one hand and the range of projects implemented by AKDN agencies on the other hand. It represents the agencies of AKDN to partner governments and institutions in Europe, the Middle East, and Asia, as well as to multilateral agencies in those regions. Principal activities are the development of long-term, strategic relationships with institutional donors, securing resources for projects implemented by AKDN agencies, managing and reporting on grants, and other associated liaison between institutional donors and implementing agencies. AKF (UK) has established long term relationships with significant partners such as: Asian Development Bank, European Commission (EC), the UK's Foreign, Commonwealth & Development Office (FCDO), German Development Cooperation, the Swiss Development Cooperation, French Development Cooperation, Japan International Cooperation Agency, Children's Investment Fund Foundation, Jacobs Foundation, Lego Foundation, Oak Foundation, Porticus Foundation, Dubai Cares, Education Above All Foundation and various other charities, foundations and government agencies through Memoranda of Understanding, grant contracts, or their equivalent.

Report of the Council *(continued)*

Strategic Report

Institutional development

In furtherance of AKF (UK)'s educational charitable objectives, AKF (UK) makes high quality educational space and facilities available to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) at the Aga Khan Centre in King's Cross London, the building which houses AKF (UK)'s offices. In addition, AKF (UK)'s nearby Victoria Hall building provides accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

Social development achievements and performance

AKF (UK) assesses its performance and impact in the area of social development primarily through annual targets for raising funds, as well as monitoring the spending rates, quality of implementation, and compliance of the projects it supports. In addition, AKF (UK) sets annual targets for proposal development and donor cultivation, grants management, and communications and public affairs. These are reported on a quarterly basis to the Aga Khan Foundation Geneva and to the Chair of the National Committee.

In 2023, AKF (UK) secured 15 grants at a total of £17.2 million to support AKDN and partner programmes in Asia, Africa and the Middle East. The largest grant, for £4.3 million, was secured from the European Commission. AKF (UK) also helped other AKDN agencies secure significant grants from European and Asian donors with whom AKF (UK) has the primary relationship. A further £50.1 million was obtained for these AKDN agencies from a wide range of partners including the European Commission, German, and Swiss Government institutions as well as from UN agencies and Foundations. Of particular relevance in 2023, AKF (UK) helped the Aga Khan Foundation in Afghanistan secure £13.2 million in new grants to support humanitarian relief and basic needs in response to the crisis in Afghanistan.

Political events in Afghanistan in mid-August 2021, led to some donors suspending AKF (UK)'s grants in Afghanistan. This was particularly the case for German-funded grants, as well as two grants supported by the European Commission. AKF (UK) carried out a legal review across its entire Afghanistan portfolio, which concluded that the nature of our work in Afghanistan, and the sectors of focus of that work, fall within the humanitarian & basic human needs activities which the major sanctions regimes relating to Afghanistan permit. In addition, AKF (UK) regularly reviews the latest lists of individuals sanctioned under Afghanistan related sanctions regimes to check that listed sanctioned individuals are not being supported by our work. As a result, AKF (UK) has been able to effectively engage with donors to recommence most projects or to mobilise additional resources for the growing humanitarian needs in Afghanistan. In 2023, we were able to secure new funding from the governments of Germany and Japan, the humanitarian branch of the European Commission, ECHO, Islamic Development Bank, various UN agencies, and Fondation Chanel.

Despite the continued challenges in Afghanistan, 2023 was a year of significant activity and achievement. A few examples include:

- **Support from the UK government for Afghanistan:** In 2023, the FCDO-funded LNGB+ project (part of the UK's Girls Education Challenge Fund) concluded. Through LNGB+ 4,847 highly marginalised out-of-school girls completed a full cycle of primary education (Grades 1-6), alongside a package of life skills trainings and psychosocial support. The project also provided vital humanitarian support for the girls' families to minimise the risk of drop-out due to economic constraints. Through a separate grant funded by FCDO in Afghanistan, AKF continued to support 160 Community-Based Education (CBE) classes and in one year, vaccinated nearly 160,000 children and 47,000 pregnant and lactating women were vaccinated. Farmers were also provided with input packages and nearly 20 hectares of land was rehabilitated for agricultural purposes.
- **Schools2030:** Schools2030, a 10-year partnership between AKF (UK) and a coalition of other private foundations and leaders in international early childhood development and education, completed its second year of full implementation. This included the second annual Schools2030 Global Forum held in Porto, Portugal, which brought together Ministers, teachers, community representatives, investors and researchers to share ideas on how to foster more inclusive schools and pluralistic learning societies for all by 2030. The initiative has built a robust network of local and global educational research and technical partners for increased impact and fostered a long-term coalition of international and regional donor partners. Schools2030 is supported by the following organisations: Atlassian Foundation, Dubai Cares, Jacobs Foundation, LEGO Foundation, OAK Foundation, Porticus Foundation and others.

Report of the Council *(continued)*

- **Accelerate Prosperity (AP):** In 2023, this AKF flagship initiative funded by the European Commission helped create 1,279 new jobs – 34% of which were for women and 21% were occupied by young people, 625 entrepreneurs (18% women and 44% youth) were supported with business training and advice. 65 businesses were financed under the project, 19 start-ups received seed financing and 46 businesses received growth financing. £7.7 million of external funding was secured by supported businesses, while £1.1 million was received through AP financing. In addition, 69% of the enterprises AP supports in Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan remained profitable. Further, In Tajikistan and Kyrgyzstan, the UK started to fund AP through a pilot programme focused on green businesses.
- **AKDN COVID-19 Response Programme:** In 2023, this project funded by the European Commission concluded. The aim of the project was to enhance systemic, gender-sensitive responses to combat the health, economic, and social vulnerabilities aggravated by the pandemic. This was accomplished through three key results: a) improving coping mechanisms for vulnerable men, women, and youth during the COVID-19 pandemic; b) enhancing the healthcare delivery system for efficient COVID-19 pandemic management in target communities; and c) enhancing access to adolescent and youth-friendly health services, life skills, and employment opportunities. The project was successfully implemented in Kenya, Mozambique, Tanzania, and Uganda where over two million people (2,363,847, 54% female) were directly reached.
- **Deepening and expanding partnership with the EC:** In 2023, AKF(UK) secured a new project in Syria focused on agriculture and food security. AKF(UK) also helped secure a new project in Pakistan focused on climate resilience and a project in Tajikistan focused on energy efficiency.

Institutional development achievements and performance

In 2023 AKF (UK) made institutional development grants totalling £3.8m primarily to the Aga Khan University. AKF (UK) also provided high quality educational space and facilities to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) and also provided accommodation for higher education students, many of whom are attending programmes at IIS or ISMC

IIS is a higher education and academic research institute, established in 1977 to promote scholarship and learning about Muslim cultures and societies. IIS aims to contribute to the academic study of the diversity of Islam as a faith and as a civilisation, by addressing intellectual and practical issues both historically and in the present context. IIS offers two Masters level taught programmes. Both programmes of study draw on teaching faculty from its research department as well as visiting scholars from leading national and international academic institutions. IIS' graduate programmes, as well as its range of doctoral scholarships and fellowships, attract students and scholars from across the world.

ISMC was founded in 2002, as an educational and research unit within the international Aga Khan University. ISMC is an inter-disciplinary institute, carrying out internationally recognised scholarship, education and outreach in the humanities and social sciences on Muslim societies and cultures. ISMC promotes scholarship that opens new perspectives on Muslim heritage, modernity, culture, religion, and society. It offers a Masters level taught programme in Muslim Cultures.

Section 172(1) statement

The members of the Council have regular discussions on and are satisfied that all key decisions taken have considered the long-term impact of such decisions and the impact on AKF (UK)'s donors, implementing partners, employees and the communities that we work in and with. AKF (UK) takes great care to ensure its activities are implemented in a collaborative manner and will deliver impactful change in the long-term.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The members of the Council consider that maintaining collaborative business relationships is a key factor for AKF (UK) in order for us to continue to meet our strategic goals. This is especially true when it comes to our relationships with our grant-giving donors and the implementing partners with whom we work in partnership. AKF (UK) strives to ensure that all decisions taken on our programmes are taken in alignment with the wishes and regulations of those who fund them and taking into consideration the interests of those who are responsible for programme delivery, as we feel this is the most effective and efficient way of achieving lasting change for the communities that we work with.

Report of the Council *(continued)*

Streamlined Energy and Carbon Reporting

In 2023 AKF (UK) used 5,614,197 kWh of energy (2022 - 5,709,690 kWh), this equated to a carbon footprint of 489 tonnes CO₂ (2022 - 444 tonnes CO₂). This represents a carbon intensity ratio of 0.01 tonnes CO₂ per m² (2022 - 0.01 tonnes CO₂ per m²). UK energy use covers the provision of electricity and heating at the Aga Khan Centre and Victoria Hall, which are both located in the Kings Cross estate. It also includes electricity and gas consumption related to the eighteen social and cultural centres owned by AKF (UK).

There has been a reduction in usage of 95,493 kWh from 2022. Despite the addition of one social and cultural centre, both the Aga Khan Centre and Victoria Hall have reduced consumption, with the former completing a comprehensive energy audit in 2023 to support greater efficiency in the coming years. Kings Cross estate has 100% renewable electricity contracts, and reduced emissions from the district heating network. The cultural centres will move to renewable electricity contracts in April 2024. Data on energy usage was collected directly from billing information and where available, information collected in kWh was converted at the rate disclosed by the supplier.

Financial review

During the year AKF (UK)'s fixed assets increased by 2% from £177.3m to £181.1m as a result of an investment gain on Fenman House, cash increased by 12% from £52.2m to £58.5m and total reserves increased by 2% from £230.8m to £236.6m. In the opinion of the members of the Council, adequate assets are available to fulfil the future obligations of AKF (UK). A summary of the result of AKF (UK)'s activities during the period is given in the Statement of Financial Activities on page 13.

Income

During the year, the total income (excluding foreign exchange gain) decreased by 17% to £58.8m (2022: increased by 25% to £71.1m). This was driven principally by a decrease in grants for our social development work mainly from the European Commission. In 2023 the social development income was £34.8m (2022: £46.6m) and grants received from the European Commission were £4.4m (2022: £20.1m).

The majority of social development income is from restricted grants, which decreased by 33% to £29.0m (2022 increased by 36% to £43.0m). Agreements with main funders are on-going and underpin the successful resource mobilisation strategy that has enabled AKF (UK) to secure significant levels of funding for AKDN projects around the world. Maintaining on-going relationships with major donors and establishing new partnerships are critical to AKF (UK)'s success and sustainability. These relationships should ensure the future strength of AKF (UK)'s income for social development purposes against a backdrop of continuing financial austerity among donor institutions. The income recognised in the Statement of Financial Activities represents the proportion of multi-year grants that were recognised in 2023 according to the accounting policies set out in note 1 to the accounts, and so does not correspond to the total value of grants secured and signed in the year.

Expenditure

In 2023, total expenditure decreased by 1% to £58.1m (2022: increased by 8% to £59.0m) as a result of decreased expenditure on social development activities.

The most significant expenditure related to social development programmes of which £43.4m (2022: £46.7m) was disbursed during the year, benefiting projects implemented by AKDN institutions around the world. For international programmes supported directly through AKF (UK) in 2023, resources expended contributed to significant efforts in education, early childhood development, agriculture and food security, health and nutrition, civil society, energy and culture. The largest programmes were implemented in Afghanistan, where £25.9m project expenditure was made (2022: £21.6m), in particular on projects funded by FCDO, the EC and SDC (note 7).

The other main category of resources expended was institutional development programmes amounting to £13.1m (2022: £10.7m). This mainly consists of funding for the Aga Khan University (note 8). The main reason for the increase was an increase in funds granted to the Aga Khan University.

The core costs of managing AKF (UK) and administering the resource mobilisation and grants management functions increased to £2.4m (2022: £2.2m). These core costs are primarily funded by the Aga Khan Foundation Geneva (note 5). All donation income is applied to AKF (UK)'s charitable objectives, specifically to programme expenditure on social development and institutional development projects.

Report of the Council *(continued)*

Reserves policy

AKF (UK) requires reserves in order to meet its funding commitments in respect of its joint-funded projects and for the furtherance of its activities. AKF (UK) has established a policy whereby the level of its free reserves (being those funds not tied up in fixed assets and not part of designated funds or restricted funds) should be sufficient to sustain its administrative expenses for at least two months. AKF (UK) considers that the target level of free reserves at 31 December 2023 was £0.4m (2022: £0.4m) and anticipates that the target level of free reserves at 31 December 2024 will be approximately £0.4m. As of 31 December 2023, the total unrestricted general reserve of £0.3m (2022: £0.3m) represented actual free reserves.

AKF (UK) has established a policy whereby the level of its designated reserves for projects should be sufficient to meet commitments on an annual basis. At 31 December 2023, the total balance of designated funds was £228.5m (2022: £215.8m). In order to maintain the level of such reserves, AKF (UK) undertakes events to raise awareness of AKF (UK) which result in support, for example through donations and commitments on a long-term basis.

Designated funds held by AKF (UK) as part of its charitable activities for institutional development purposes totalled £203.2m (2022: £190.4m) of which £161.1m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social purposes totalled £24.3m (2022: £24.0m) of which £20.0m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social development purposes totalled £0.9m (2022: £1.4m) of which £0.0m was represented by fixed assets.

Going concern

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Investment policy

The Council has the power to invest in such assets as it sees fit. The Council are supported in the exercise of these powers by the National Committee.

AKF (UK), having regard to its liquidity requirements and reserves policy, has operated a policy of keeping available funds in interest-bearing deposit accounts and seeking to achieve an appropriate rate of deposit interest. The Finance Committee reviews the placements on a regular basis and decides the appropriate placement periods on the basis of available funds and their intended use.

Future plans

In 2024, AKF (UK) will continue to develop a robust project pipeline with AKDN agencies, with emphasis on AKDN's significant and growing initiatives in civil society, culture, education, economic development, energy, health, livelihoods, climate adaptation and disaster preparedness. AKF (UK) will continue to pursue new partnerships and funding opportunities with bi-lateral and multi-lateral donors, especially to deepen its relationships with multilateral funders such as Asian Development Bank and Islamic Development Bank, non-traditional funders such as the UAE and Qatar, as well as the European Commission, FCDO, France, Germany, and Switzerland among others. In recent years, AKF (UK) has established a diversified funding base through new partnerships with foundations and corporations, and this work will continue.

Report of the Council *(continued)*

AKF(UK) will maintain its efforts to secure funding for AKDN's humanitarian and basic needs response in Afghanistan, including a greater focus on engaging with regional funders. In addition, AKF (UK) will continue to explore opportunities under discussion with the European Commission, France, Germany, Japan, Qatar, UK, and several other donors for key initiatives in Afghanistan as well as other core geographies, such as East Africa, Egypt, Kyrgyzstan, Madagascar and Mozambique, Pakistan, Syria, and Tajikistan.

Additionally, in 2024, AKF (UK) will continue to transform our operations to meet the organisation's net zero goal by 2030. AKF (UK) will support our sister offices and agencies in other countries to do the same.

AKF (UK) works with field units of AKF and AKDN to support them in securing grants directly from European, Asian and multi-lateral donors. AKF (UK) has strengthened its London-based team to engage a wider range of partners, represent AKDN in public fora, and support the design and preparation of grant proposals and budgets. AKF (UK) coordinates extensively between field units and donors, requiring extensive communication and travel to the countries where AKDN is active. AKF (UK) also uses funds raised from private donations to match donor funding where there is a match-funding requirement.

AKF (UK) continues to promote awareness of the work of AKF (UK) and AKDN through presentations, events and exhibitions. This work is expected to continue to grow in the future.

Principal Risks and Uncertainties

The Council, assisted by AKF (UK)'s National Committee and AKF (UK)'s CEO, assesses the major risks to which AKF (UK) is exposed on an on-going basis. On a monthly basis, the Finance Committee meets and reviews ongoing risks and compliance issues, in particular those related to its operations and finance. The major risks to which AKF (UK) is exposed are:

- Reliance on a small number of sizeable, traditional donors
- The potential impact of the global economic situation, political trends, and security crises on the availability of development funding for regions where AKDN is active
- Compliance violations or donor guidelines that are not adhered to by implementing agencies

The first and second risks are mitigated both by cultivating new donor relationships, diversifying opportunities, widening and deepening current relationships, and sustaining high levels of trust through consistent professional performance. The third risk is mitigated through enhanced communications with and monitoring of implementing partners, independent evaluations, donor assessment of programmes and other key information, strengthening grant agreements and monitoring requirements. AKF Geneva employs internal audits to monitor implementing partners; when necessary, these also monitor grant compliance with donor guidelines and the reports that relate to AKF(UK) funded projects are shared with AKF (UK). AKF (UK) is satisfied that appropriate systems are in place to mitigate AKF (UK)'s exposure to major risks.

Disclosure of information to auditors

Each of the members of the Council at the date of approval of this Report of the Council and Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which AKF (UK)'s auditor is unaware; and the members of the Council have each taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that AKF (UK)'s auditor is aware of that information.

Report of the Council (*continued*)

Statement of the Council's responsibilities in respect of the Report of the Council and Strategic Report and the financial statements

The members of the Council are responsible for preparing the Report of the Council and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Council 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;
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Council and Strategic Report approved by order of the Council


Member of the Council
Jane Piacentini-Moore

Date: 18th July 2024

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom)

Opinion

We have audited the financial statements of Aga Khan Foundation (United Kingdom) for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Council, which includes the directors' report and the strategic 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 Report of the Council 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 strategic report or the directors' report included within the Report of the Council.

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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of the Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Council's responsibilities

As explained more fully in the statement of the Council's responsibilities set out on page 9, the members of the Council (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 members of the Council 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 Council 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, the recognition of grant expenditure, the valuation of the investment property and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on grant income, grant expenditure and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. 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 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.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 25 July 2024

Statement of Financial Activities, including Income and Expenditure Account
for the year ended 31 December 2023

	Notes	Unrestricted Funds		Restricted Funds	Total 2023	Total 2022
		General Funds £000	Designated Funds £000	£000	£000	£000
Income from						
Grants, donations and legacies						
Social development programmes	6	-	5,804	29,043	34,847	46,553
Institutional development	6	2,514	13,190	-	15,704	16,686
Social and cultural centres		-	1,550	-	1,550	2,867
Communications and awareness raising		257	-	-	257	249
Core costs		2,067	-	-	2,067	1,874
Rental income		-	3,056	-	3,056	2,858
Investment income		60	1,230	-	1,290	25
Other income		-	19	-	19	19
Net gain/(loss) from foreign exchange		28	(1,300)	591	(681)	657
Total income		4,926	23,549	29,634	58,109	71,788
Expenditure						
Charitable activities						
Social development programmes	7	1,834	5,130	36,445	43,409	46,747
Institutional development	8	2,799	10,335	-	13,134	10,687
Social and cultural centres		35	1,296	-	1,331	1,279
Communications and awareness raising		257	-	-	257	249
Total expenditure		4,925	16,761	36,445	58,131	58,962
Net income for the year		1	6,788	(6,811)	(22)	12,826
Transfers between funds		-	68	(68)	-	-
Net income before other recognised gains and losses		1	6,856	(6,879)	(22)	12,826
Net gain/(loss) from investments	10	-	5,782	-	5,782	-
Net movement in funds		1	12,638	(6,879)	5,760	12,826
Reconciliation of funds						
Funds brought forward		329	215,821	14,653	230,803	217,977
Total funds carried forward	20	330	228,459	7,774	236,563	230,803

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

Balance Sheet
 at 31 December 2023

	Notes	2023		2022	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	150,781		152,843	
Investments	10	30,282		24,500	
			181,063		177,343
Current assets					
Debtors	11	2,002		5,798	
Cash at bank and in hand	18	58,514		52,239	
		60,516		58,037	
Creditors: amounts falling due within one year	13	(5,016)		(4,577)	
Net current assets			55,500		53,460
Total assets less current liabilities			236,563		230,803
Creditors: amounts falling due after one year			-		-
Net Assets			236,563		230,803
Share capital and reserves					
Called up share capital	21		-		-
Funds:					
Unrestricted funds					
General funds	20		330		329
Designated funds	20		228,459		215,821
Restricted funds	20		7,774		14,653
			236,563		230,803

The financial statements were approved by the Council and authorised for issue on 18 July 2024 and were signed on its behalf by:


 Member of the Council
 Jane Piacentini-Moore

Cash Flow Statement
for the year ended 31 December 2023

	<i>Notes</i>	2023 £000	2022 £000
Net cash inflow from operating activities	<i>17</i>	5,474	10,878
Cash flows from investing activities			
Interest received		1,290	25
Payments to acquire fixed assets		(489)	(393)
Increase in cash and cash equivalents	<i>18</i>	6,275	10,510
Net cash at 1 January	<i>18</i>	52,239	41,729
Net cash at 31 December	<i>18</i>	58,514	52,239

Notes

(forming part of the financial statements)

1 Principal accounting policies

AKF (UK) is a charitable company limited by guarantee, company registration no 01100897, registered address 3 Cromwell Gardens, London SW7 2HB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to AKF (UK)'s financial statements.

Basis of preparation

The charitable company is considered to be a public benefit entity. The financial statements have been prepared under the historical cost convention and in accordance with the 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 (SORP), the Companies Act 2006 and applicable Accounting Standards, FRS 102.

The members of the Council have prepared the financial statements on a going concern basis with no material uncertainties, which they consider is appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of AKF (UK) and which have not been designated for other purposes. Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by AKF (UK) as part of its charitable activities for social purposes. Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to AKF (UK) at the time of the donation. Fixed assets with an acquisition cost of less than £3,000 are not capitalised. Depreciation is provided on all tangible fixed assets (with the exception of land) at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold buildings	1%
Leasehold buildings	1%
Property Improvements	5%
Property fixtures and fittings	15%

Investment properties

Investment properties are carried at fair value supported by external valuers and derived from the current market rents and yields for comparable real estate, adjusted if necessary for differences in nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Operating leases

Rentals applicable to operating leases are included in the Statement of Financial Activities on a straight-line basis over the lease term.

Notes (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the statement of financial activities.

Pension costs

AKF (UK) operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

Income

Grants, donations and legacies receivable are from institutional donors, private donors and AKF Geneva. Donations and legacies are recognised when they become receivable, and tax reclaimed on gift aid donations is accounted for in the period of the associated gift. Grants receivables represent those grants where AKF (UK) has signed the contract with the funding agency and accepts responsibility for their application: these are recognised when the grant conditions are met and when AKF (UK) becomes entitled to each instalment of the grant funding. Entitlement to grant income is considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Rental income is receivable from commercial unit tenants and third-party property management organisations and are recognised when they become receivable.

Expenditure

Grants made are recorded on a commitment basis when there is a signed agreement or other unconditional commitment made to a grant recipient and all other expenditures are recorded on an accruals basis. Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by AKF (UK). Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by AKF (UK) as part of its charitable activities for social purposes. Expenditure under restricted funds is allocated specifically to the related projects. Support costs are allocated to the relevant charitable activity on the basis of the proportion of employee time spent on each activity.

Accounting estimates and key judgements

In the application of the AKF (UK)'s accounting policies, judgements, estimates and assumptions about the carrying value of assets and liabilities are made. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The key areas of judgement included in the financial statements are summarised below:

- (i) Valuation of investment properties - Investment properties are carried at fair value supported by external valuers as disclosed in note 10.
- (ii) Potential impairment of fixed assets - Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.
- (iii) Depreciation of fixed assets – Fixed assets are depreciated at rates calculated to write off the cost over their expected useful economic lives

2 Members of the Council's emoluments

No emoluments were paid to nor reimbursement of expenses received by the members of the Council for their duties (2022: £0).

Notes (continued)

3 Employee Information

	2023	2022
	£000	£000
Salaries and wages	4,309	3,418
Social security costs	483	408
Pension costs	375	321
Other benefits	<u>171</u>	<u>124</u>
	<u>5,338</u>	<u>4,271</u>

Included within staff costs above is £35k (2022: £0k) relating to redundancy and termination costs. At the end of the year, £0k (2022: £0k) was still to be paid. Senior Management personnel earned total salary and benefits of £794k (2022: £705k) and pension contributions totalling £68k (2022: £61k). The average number of staff employed by AKF (UK) during the year is:

	2023	2022
	Number	Number
Communication	3	3
Finance and Administration	8	7
Grant administration	21	19
Victoria Hall Management	7	7
Aga Khan Centre Management	9	7
AKDN Programmes	<u>17</u>	<u>13</u>
	<u>65</u>	<u>56</u>

Employees earning above £60,000

	2023	2022
	Number	Number
£60,001 - £70,000	3	5
£70,001 - £80,000	4	2
£80,001 - £90,000	2	1
£90,001 - £100,000	2	2
£100,001 - £110,000	1	1
£110,001 - £120,000	-	2
£120,001 - £130,000	1	-
£130,001 - £140,000	1	1
£150,001 - £160,000	2	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
£180,001 - £190,000	1	-
£280,001 - £290,000	-	1
£290,001 - £300,000	-	1
£310,001 - £320,000	1	-
£340,001 - £350,000	1	-

Pension contribution totalling £242k were made for these employees during the year (2022: £192k).

4 Expenditure

Expenditure for the year is stated after charging the following costs.

	2023	2022
	£000	£000
Depreciation (note 9)	2,745	2,729
Audit fee – Crowe UK audit of these financial statements	48	39
Auditor's remuneration for non-audit services	<u>5</u>	<u>6</u>

The £5k disclosed above for non-audit fees includes fees relates to corporation tax computation and a project audit. The audit fee for the year ending 31 December 2023 was £34,800 excluding VAT.

Notes (continued)

5 Support costs

The support costs of AKF (UK) consist of three cost elements. Support costs are allocated on a basis consistent with the use of resources and the calculation of allocation is determined by the percentage of time spent on each category by the relevant staff.

	Human Resources £000	Office Expenses & Technology £000	Travel Expenses £000	Total 2023 £000	Total 2022 £000
Unrestricted funds					
Social development programmes	1,273	435	127	1,835	1,651
Institutional development	211	72	2	285	237
Social and cultural centres	21	7	6	34	27
Communications and awareness raising	<u>177</u>	<u>60</u>	<u>19</u>	<u>256</u>	<u>248</u>
	<u>1,682</u>	<u>574</u>	<u>154</u>	<u>2,410</u>	<u>2,163</u>

6 Grants and donations received

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Social development programmes				
UK Foreign, Commonwealth & Development Office (FCDO)	-	11,116	11,116	6,507
Aga Khan Foundation (USA)	4,716	-	4,716	2,850
European Commission (including ECHO)	-	4,396	4,396	20,113
Swiss Agency for Development and Cooperation (SDC)	-	3,755	3,755	4,617
KfW	-	1,972	1,972	1,564
German Federal Foreign Office	-	1,817	1,817	3,088
Jacobs Foundation	-	1,464	1,464	-
UBS Optimus	-	1,310	1,310	-
Oak Foundation	-	829	829	720
Porticus	-	520	520	92
The Lego Foundation	-	515	515	766
Atlassian Foundation International	-	395	395	412
Dubai Cares	-	165	165	-
Islamic Development Bank	-	138	138	-
Vitol Foundation	-	120	120	249
Deutsche Gesellschaft für Internationale Zusammenarbeit	-	87	87	-
Netherlands Ministry of Foreign Affairs	-	-	-	2,506
French Ministry for Europe and Foreign Affairs	-	-	-	880
The Wellspring Foundation	-	-	-	397
Royal Norwegian Ministry of Foreign Affairs	-	-	-	375
Johnson & Johnson	-	-	-	182
Other donations	<u>1,088</u>	<u>444</u>	<u>1,532</u>	<u>1,235</u>
	<u>5,804</u>	<u>29,043</u>	<u>34,847</u>	<u>46,553</u>
Institutional development				
Donations designated to the Aga Khan University	4,640	-	4,640	1,372
Donations in commemoration of His Highness' Diamond Jubilee	2,373	-	2,373	8,547
Donations designated to Kings Cross operational costs	1,574	-	1,574	1,237
Donations designated to The Institute of Ismaili Studies	359	-	359	136
Donations designated to the Aga Khan Schools	206	-	206	32
Other donations	<u>6,552</u>	<u>-</u>	<u>6,552</u>	<u>5,362</u>
	<u>15,704</u>	<u>-</u>	<u>15,704</u>	<u>16,686</u>

Notes (continued)

7 Expenditure on social development programmes

The following tables show grants paid to institutions by country.

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Afghanistan				
RISE Afghanistan - Aga Khan Foundation Afghanistan	-	6,863	6,863	3,321
Ec Afghanistan Livelihood Stabilisation Programme	449	3,625	4,074	-
FCDO Leave No Girl Behind - Aga Khan Foundation Afghanistan, CARE International UK, Catholic Relief Services and Save the Children	-	3,285	3,285	3,310
GFFO Emergency Health Assistance Afghanistan - Aga Khan Foundation Afghanistan	-	2,601	2,601	1,478
Opportunities for Mainstreaming Inclusive Development (OMID)	-	2,569	2,569	-
Afghanistan Humanitarian Appeal - Aga Khan Foundation Afghanistan	-	2,169	2,169	5,288
Food-security and Agricultural Sustainability for Livelihood Improvement - Aga Khan Foundation Afghanistan	-	1,805	1,805	1,265
EC Strengthening COVID-19 Response in Afghanistan - Aga Khan Foundation Afghanistan	-	968	968	2,170
Improving access to life-saving health, and psychological services in Afghanistan - Aga Khan Foundation Afghanistan	-	560	560	329
Promoting Access to Educational Institutions in the Cross-Border Districts - Aga Khan Foundation, Afghanistan	-	453	453	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Afghanistan	336	-	336	446
Sustainable and Inclusive Transformation of Agrarian Economies in Rural Afghanistan (SITARA)	-	138	138	-
Essential Multi-Sector Programme in the Central Highlands and North Eastern Afghanistan (EMSP)	129	-	129	-
Schools 2030 - Aga Khan Foundation Afghanistan	102	22	124	188
EC Improve Participatory Management and Efficiency of Rangelands and Watersheds - Aga Khan Foundation, Afghanistan	87	-	87	1,784
Forest Landscape Restoration for Food Security	-	66	66	-
Data Collection Survey on Maternal and Child Nutrition in North-Eastern and Central Afghanistan	-	64	64	-
Emergency Assistance and Livelihoods Support for Vulnerable Households in the Northeast and Central Highlands of Afghanistan - Aga Khan Foundation Afghanistan	30	-	30	189
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation, Pakistan & Aga Khan Agency for Habitat, Afghanistan	-	(44)	(44)	-
Improving Educational Opportunities in the Cross-Border Areas - Aga Khan Foundation, Afghanistan	-	(86)	(86)	-
Cross-Border Commission Integrated Infrastructure	-	(261)	(261)	-
Provision of essential and lifesaving nutrition services targeting children under two years and pregnant and lactating women across select provinces of Afghanistan - Aga Khan Foundation Afghanistan	-	-	-	742
Supporting Cooperation and Opportunities for Regional Economic Development - Aga Khan Foundation Afghanistan	-	-	-	300
Improving Adolescents Lives in Afghanistan - Aga Khan Foundation Afghanistan	-	-	-	238
Strengthening COVID-19 Preparedness and Response efforts in Afghanistan through supporting & sustaining COVID-19 diagnostic Centers in Badakhshan, Takhar, Baghlan and Bamyán Provinces - Aga Khan Foundation Afghanistan	-	-	-	181
FCDO GEC STAGES II - Aga Khan Foundation Afghanistan, CARE International UK, Catholic Relief Services and Save the Children	-	-	-	173
Others	-	-	-	200
Total for Afghanistan programmes	1,133	24,797	25,930	21,602

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Brazil				
Schools 2030 - Trilha Pesquisa	-	49	49	14
Total for Brazil programmes	-	49	49	14
Canada				
Schools 2030 - Right to Play International	-	-	-	50
Batken-Sughd Cross Border Development Project (Phase II) - Global Centre for Pluralism	-	24	24	40
Total for Canada programmes	-	24	24	90
Egypt				
Creating Access to Cairo's Islamic Cultural Heritage - Aga Khan Cultural Services Egypt	4	50	54	(12)
Total for Egypt programmes	4	50	54	(12)
Finland				
Schools 2030 - HundrEd.org	-	160	160	265
Total for Finland programmes	-	160	160	265
India				
Schools 2030 - Eklavya Foundation and Aga Khan Foundation India	45	168	213	280
Pathways to low carbon agriculture in India - Aga Khan Rural Support Programme (AKRSP) India and Aga Khan Foundation India	81	-	81	208
Yuva Junction Expansion: Building Careers for Rural Youth	65	-	65	-
Supporting Local Authorities for Accountable, Responsive and Transparent Systems for Solid Waste Management - Aga Khan Foundation India and Gram Swarajya Samiti Ghose (GSSG)	-	55	55	60
Strengthening the AKF Lehar Programme - Aga Khan Foundation India	-	46	46	43
Hygiene & Behaviour Change Coalition for COVID-19 control - Aga Khan Foundation India and Aga Khan Agency for Habitat, India	-	-	-	82
Total for India programmes	191	269	460	673

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Kyrgyz Republic				
Accelerate Prosperity in Central and South Asia - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan, University of Central Asia Kyrgyzstan and Aga Khan Foundation Kyrgyz Republic	120	483	603	1,243
Schools 2030 - Aga Khan Foundation Kyrgyz Republic	130	207	337	128
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	-	277	277	125
Accelerating Women, Youth, and Green Entrepreneurs (AWYGE) Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation Kyrgyz Republic	-	265	265	-
Sustainable Winter Tourism Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	-	47	47	(1)
Economic Recovery of Agricultural Value Chains in Kyrgyzstan and Tajikistan II - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan	1	-	1	11
Improve participatory management and efficiency of rangelands and watersheds - University of Central Asia, Kyrgyzstan	-	-	-	99
Integrated Rural Development Programme - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan and Aga Khan Foundation Kyrgyz Republic	-	-	-	53
	-	-	-	34
Total for Kyrgyz Republic programmes	251	1,279	1,530	1,692
Kenya				
EC AKDN Regional Eastern Africa COVID-19 Response Partnership - Aga Khan Foundation East Africa	781	123	904	2,638
Schools 2030 - Aga Khan Foundation East Africa	21	197	218	428
AKU-SONAM Nursing Scholarships - Aga Khan University Kenya	-	-	-	131
Improving Social and Economic Opportunities for Youth in Northern Kenya - Aga Khan Foundation East Africa	-	-	-	88
Value based education in Kenya III - Aga Khan Foundation East Africa	-	-	-	26
Strengthening Resilience of Frontline Health Workers - Aga Khan University Kenya	-	-	-	18
Total for Kenya programmes	802	320	1,122	3,329
Madagascar				
SANIDA- Improving food security and nutrition in Madagascar - Aga Khan Foundation Madagascar (OSDRM)	43	419	462	499
Increasing socio-ecological resilience to climate change in the Barren Isles	22	3	25	-
EU Madagascar: Support to farming households (Diana, Sava and Analanjirofo) - Aga Khan Foundation Madagascar (OSDRM)	-	22	22	1,042
Madagascar Innovations Leverage for Climate Adaptation - Aga Khan Foundation Madagascar (OSDRM)	16	-	16	211
Food Assistance for Famine in Southern Madagascar / Emergency Food Assistance (EFA) - Aga Khan Foundation Madagascar (OSDRM)	-	16	16	208
SPEEDRICE: "Scaling-up, Promoting and Expanding Effortless Direct-seeding RICE permaculture" - Aga Khan Foundation Madagascar (OSDRM)	-	12	12	12
Total for Madagascar programmes	81	472	553	1,972

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Mozambique				
Strengthening Social Cohesion and Resilience to Radicalization in Cabo Delgado - Aga Khan Foundation Mozambique	-	185	185	190
Strengthening Social Cohesion in Cabo Delgado, Phase II (COESO Phase II) - Aga Khan Foundation Mozambique	-	178	178	1,430
Juntos! Phase 4 - Aga Khan Foundation Mozambique	23	68	91	348
LEAP: Enhancing coastal and marine socio-ecological resilience and biodiversity conservation in the Western Indian Ocean	39	-	39	-
Total for Mozambique programmes	62	431	493	1,968
Netherlands				
Schools 2030	-	98	98	-
Total for Netherlands programmes	-	98	98	-
Pakistan				
Pakistan Flood Recovery and Resilience, Improved resilience to climate change of communities and ecosystems in Gilgit-Baltistan and Chitral Schools 2030 - Aga Khan Foundation Pakistan and ITA Pakistan	-	718	718	-
Critical Preparedness, Readiness and Response Actions for Coronavirus Disease (COVID-19) Pandemic in Gilgit-Baltistan and Chitral - Aga Khan Foundation Pakistan	94	165	259	131
Education for Prosperity	33	165	198	1,085
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation Pakistan	-	140	140	-
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) - Aga Khan Foundation, Pakistan	-	117	117	61
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Pakistan	61	-	61	-
All-weather access road for cross-border tourism areas - Aga Khan Foundation Pakistan	-	-	-	1,609
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) Phase 2 - Aga Khan Foundation Pakistan	-	-	-	158
Lives in Dignity - Aga Khan Foundation Pakistan	-	-	-	129
Strengthening Preparedness, Readiness and Response Actions for Covid-19 - Aga Khan Foundation Pakistan	-	-	-	17
	-	-	-	7
Total for Pakistan programmes	188	1,305	1,493	3,197
Portugal				
Schools 2030 - Aga Khan Foundation Portugal	265	158	423	120
EC Social Impact Bonds Literacy Programme - Aga Khan Foundation Portugal	-	-	-	(81)
Total for Portugal programmes	265	158	423	39

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Switzerland				
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Geneva	-	27	27	11
Schools 2030 - Aga Khan Foundation Geneva	-	-	-	87
Total for Switzerland programmes	-	27	27	98
Syria				
Climate and Economic Resilience through Livestock Intensification in Syria (CERLIS)	-	758	758	-
TA'MIN - Technical Assistance to explore the feasibility of pre-payment Mechanisms, Insurance, safety Nets & health workforce issues	-	502	502	-
Salamieh District Multi-Sectoral Humanitarian Assistance (MSHA) - Aga Khan Foundation Syria	-	-	-	3
Total for Syria programmes	-	1,260	1,260	3
Tajikistan				
Shugnan VI Energy Cross Border Project Phase I - Pamir Energy Critical Infrastructure Contributing to Stability and Peace, Phase II - Aga Khan Foundation Tajikistan	-	871	871	1,309
Schools 2030 - Aga Khan Foundation Tajikistan	188	193	381	311
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Tajikistan	-	328	328	823
Establishment of a fibre processing unit with dehairing and storage in cross-border areas - Aga Khan Foundation, Tajikistan	-	305	305	-
Improving Community Resilience through Sustainable Livelihoods in the Rasht Valley	296	-	296	-
Shugnan VII Cross-Border Energy Project - Pamir Energy	-	230	230	174
Accelerating Women, Youth, and Green Entrepreneurs (AWYGE)	-	211	211	-
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Tajikistan	-	143	143	174
Integrated Health and Habitat Improvement (IHHI) Rasht - Aga Khan Foundation Tajikistan	90	-	90	128
AP TRIGGER II - Aga Khan Foundation Tajikistan	69	-	69	88
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation, Kyrgyz Republic	-	21	21	-
Supporting Cooperation and Opportunities for Regional Economic Development - Aga Khan Foundation Tajikistan	-	-	-	805
Critical Infrastructure to Contribute to Stability and Peace in Khorog - Aga Khan Foundation Tajikistan	-	-	-	149
Integrated Natural Resources Management in Zaravshon Valley for Equitable and Sustainable Development (INVEST) - Aga Khan Foundation Tajikistan	-	-	-	109
Improving livelihoods and food security through sustainable Natural Resource Management - Aga Khan Foundation Tajikistan	-	-	-	94
Economic Recovery of Agricultural Value Chains in Kyrgyzstan and Tajikistan II - Aga Khan Foundation Tajikistan	-	-	-	81
Electrification of Shuhada and Ishkashim, Badakhshan Province - Badakhshan Energy and Pamir Energy	-	-	-	45
Supporting Accelerated Growth for Entrepreneurship (SAGE) - Aga Khan Foundation Tajikistan	-	-	-	39
Total for Tajikistan programmes	643	2,698	3,341	5,715

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Tanzania				
Oncology Comprehensive Cancer Project - Aga Khan Health Service (AKHS) Tanzania	821	-	821	1,406
Schools 2030 - Aga Khan Foundation East Africa	124	278	402	635
Enhancing the Competitiveness of Smallholder Rice Farmers in Morogoro - Aga Khan Foundation East Africa	-	-	-	131
Strengthening Resilience of Frontline Health Workers - Aga Khan Foundation East Africa	-	-	-	29
Total for Tanzania programmes	945	278	1,223	2,201
Uganda				
Schools 2030 -Aga Khan Foundation East Africa	-	287	287	121
In Their Hands -Aga Khan Foundation East Africa	78	-	78	330
Total for Uganda programmes	78	287	365	451
United States of America				
Schools 2030 – ECD Measure and Save the Children	-	142	142	94
Total for United States programmes	-	142	142	94
United Kingdom				
Schools 2030 - UNICEF	24	257	281	76
Teacher for the Planet	-	143	143	-
EC AKDN Regional Eastern Africa COVID-19 Response Partnership - Aga Khan Foundation, East Africa	-	123	123	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Geneva	-	55	55	-
Total for United Kingdom programmes	24	578	602	76
Total Grants made for social development	4,667	34,682	39,349	43,467
Non-Grant Expenditure	2,297	1,763	4,060	3,280
Total Expenditure for social development	6,964	36,445	43,409	46,747

Notes (continued)

8 Expenditure on institutional development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Aga Khan University Foundation various projects	3,415	-	3,415	2,040
Aga Khan Schools for their educational programmes	178	-	178	26
The Institute of Ismaili Studies for their educational programmes	124	-	124	123
Aga Khan Foundation Geneva, various projects	100	-	100	-
Aga Khan Agency for Habitat programmes	1	-	1	-
Total Grants made for institutional development	3,818	-	3,818	2,189
Non-Grant Expenditure	9,316	-	9,316	8,498
Total Expenditure for institutional development	13,134	-	13,134	10,687

9 Tangible fixed assets

	Freehold Land & Buildings £000	Long Leasehold Land & Buildings £000	Property Improvements £000	Property Fixture and fittings £000	Assets Under Construction £000	Total £000
Cost						
At 1 January 2023	34,962	133,935	2,002	10,936	311	182,146
Additions	195	-	-	43	445	683
Disposals	-	-	-	-	-	-
Transfers	-	-	180	-	(180)	-
At 31 December 2023	35,157	133,935	2,182	10,979	576	182,829
Depreciation						
At 1 January 2023	16,423	3,286	1,325	8,269	-	29,303
Charge for the year	105	1,010	46	1,584	-	2,745
Disposals	-	-	-	-	-	-
At 31 December 2023	16,528	4,296	1,371	9,853	-	32,048
Net book value						
At 31 December 2023	18,629	129,639	811	1,126	576	150,781
At 31 December 2022	18,539	130,649	677	2,667	311	152,843

All assets are held for charitable purposes.

Notes (continued)

10 Investments

Investment in shares

AKF (UK) owns one ordinary share of £1 (1% of the issued and paid-up share capital) in The Institute of Ismaili Studies (2022: £1), which is incorporated in England.

Investment in property

Investment property comprises Fenman House in the Kings Cross estate that is leased to a third party. Changes in fair values are recognised as investment gains or losses in the Statement of Financial Activities.

The historical cost of this property was £20.6m and the most current valuation was carried out in December 2023 by a MRICS independent valuer of Wilks Head & Eve LLP. When arriving at their valuation, they considered sales from within the King's Cross Estate in order to compare recent sales data. The independent valuation, recent market data and recent market trends have all been taken into account by the Council in their decision to increase the balance sheet value to £30.3m

	2023	2022
	£000	£000
Balance at 1 January	24,500	24,500
Acquisitions	-	-
Change in Fair Value	5,782	-
Balance at 31 December	30,282	24,500

11 Debtors

	2023	2022
	£000	£000
Prepayments and accrued income	1,690	5,752
Debtors with other AKDN Agencies	311	45
Other debtors	1	1
	2,002	5,798

Debtors with other AKDN Agencies includes £117k with AKF Geneva (2022: £1k), £15k with Aga Khan Schools (2022: £15k), £179k with AKDN (2022: £29k).

Notes (continued)

12 Lease commitments as a lessor

AKF (UK) has four operating lease contracts in place as a lessor. The first relates to Fenman House in the Kings Cross estate that is leased to a third party. The original lease was for 4 years until 31 January 2023 with annual rents indexed to RPI, however this was extended in January 2023 for a further 3 years to 31 January 2026.

In addition, there are contracts in place for three commercial units, the first two in Aga Khan Centre and the third in Victoria Hall. The two units in Aga Khan Centre are leased to third parties and the contract runs until 28 September 2039 and 24 December 2036 respectively. The unit at Victoria Hall is leased to a separate third party and runs until the 3 September 2037. AKF (UK) has future minimum lease receipts under non-cancellable operating leases for each of the following periods.

	2023	2022
	£000	£000
Receivable in less than 1 year	1,157	1,002
Receivable between 1 and 5 years	1,889	2,803
Receivable in greater than 5 years	102	240
	3,148	4,045
	3,148	4,045

13 Creditors

	2023	2022
	£000	£000
Amounts falling due within one year		
Accruals and deferred income		
Grants Payable	2,940	3,003
Trade creditors	1,464	1,128
Payroll taxes	278	225
Other creditors	183	114
Creditors with other AKDN Agencies and affiliated institutions	149	107
	2	-
	5,016	4,577
	5,016	4,577

Grants payable (all falling due within one year)

	£000
As at 1 January	1,128
Grants committed in the year	38,428
Grants paid in the year	(38,092)
As at 31 December	1,464

Deferred income

	£000
As at 1 January	1,344
Amounts released to income	(1,344)
Amounts due within one year	1,513
As at 31 December	1,513

Income has been deferred where it has been received in advance of contractual obligations with regards to rental income and grant income. All deferred income carried forward is released in the subsequent period.

Notes (continued)

14 Future grant commitments

Future grant commitments related to work to be carried out by AKF(UK)'s implementing partners amount to £114.0m. These represent grant agreements signed before 1 January 2024 for payment in future years. All commitments are funded by institutional grants, are made in connection with institutional grants for the programmes referred to in Note 6 and there are no performance-related conditions attached to these commitments.

15 Taxation

AKF (UK) is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

16 Pension scheme

AKF (UK) operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by AKF (UK) to the scheme and amounted to £375k (2022: £321k), £60k was payable at 31 December 2023 (2022: £47k).

17 Reconciliation of net income to net cash inflow from operating activities

	2023 £000	2022 £000
Net income / movement in funds	5,760	12,826
Depreciation on tangible fixed assets	2,745	2,729
(Gain) / Loss on Investment	(5,782)	-
Gift in kind donations capitalised	(194)	-
Interest received	(1,290)	(25)
Decrease / (Increase) in debtors	3,796	(4,570)
(Decrease) / Increase in creditors	439	(82)
Net cash inflow / (outflow) from operating activities	5,474	10,878

18 Cash and cash equivalents

	2023 £000	2022 £000
Changes in the year		
At 1 January	52,239	41,729
Net cash inflow/(outflow)	6,275	10,510
At 31 December	58,514	52,239

Notes (continued)

19 Capital commitments

Conditional capital commitments

There were no material capital commitments as at 31 December 2023.

20 Reconciliation of funds

	Unrestricted Funds			2023 Total £000	2022 Total £000
	General Funds £000	Designated Funds £000	Restricted Funds £000		
Balance at 1 January	329	215,821	14,653	230,803	217,977
Income	4,898	24,849	29,043	58,790	71,131
Expenditure	(4,925)	(16,761)	(36,445)	(58,131)	(58,962)
Recognised Gains / (Losses)	28	(1,300)	591	(681)	657
Gain / (Loss) on Investment	-	5,782	-	5,782	-
Transfer of funds	-	68	(68)	-	-
Balance at 31 December	<u>330</u>	<u>228,459</u>	<u>7,774</u>	<u>236,563</u>	<u>230,803</u>
Represented by:					
Fixed assets	-	181,063	-	181,063	177,343
Current assets	764	49,245	10,507	60,516	58,037
Current liabilities	(434)	(1,849)	(2,733)	(5,016)	(4,577)
	<u>330</u>	<u>228,459</u>	<u>7,774</u>	<u>236,563</u>	<u>230,803</u>

General funds are held to provide cashflow reserves and working capital. Restricted funds relate to social development projects and will be spent in 2024. Designated funds represent funds earmarked by the Council for the following purposes:

Designated Funds	Social Development £000	Institutional Development £000	Social £000	2023 Total £000	2022 Total £000
	Balance at 1 January	1,446	190,406	23,969	215,821
Income	5,835	17,370	1,644	24,849	24,321
Expenditure	(5,130)	(10,335)	(1,296)	(16,761)	(17,423)
Recognised Gains / (Losses)	(1,293)	(7)	-	(1,300)	1,363
Gain / (Loss) on Investment	-	5,782	-	5,782	-
Transfer of funds	68	-	-	68	11
	<u>926</u>	<u>203,216</u>	<u>24,317</u>	<u>228,459</u>	<u>215,821</u>
Represented by:					
Fixed assets	-	161,098	19,965	181,063	177,343
Current assets	926	43,898	4,421	49,245	40,451
Current liabilities	-	(1,780)	(69)	(1,849)	(1,973)
	<u>926</u>	<u>203,216</u>	<u>24,317</u>	<u>228,459</u>	<u>215,821</u>

Social Development funds will be used as co-financing for projects in 2024. Institutional Development funds are mainly fixed assets and cash reserves will be used to support AKDN institutions and mostly used in 2024. Social funds are mainly fixed assets and the cash reserves are held to develop these properties as required.

Notes *(continued)*

21 Called up share capital

	2023	2022
	£	£
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

According to the Memorandum of Association the liability of the members is limited. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up, such amount not exceeding £1. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

22 Conduit Funds

In 2023 AKF (UK) acted as a conduit for a number of entities. The amount of funds that passed through AKF (UK) in 2023 was £9,236k. The amount of funds held at the end of the year was £570k. These funds were received by AKF (UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF (UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

23 Ultimate holding company

The ultimate holding company is Aga Khan Foundation Geneva, which is incorporated in Switzerland (UID - CHE-100.845.311) and beneficially owns one hundred percent of the shares of AKF (UK).

24 Related party transactions and other AKDN agencies

There have been no related party transactions between AKF (UK) and the members of the Council in 2023 (see note 2). Transactions with AKF Geneva and agencies within the Aga Khan Development Network consist of the following:

- costs associated with projects funded by other AKDN agencies (notes 11 and 13); and
- grants and donations of funding for projects, programmes and other activities supported by AKF (UK) (notes 6, 7 and 8).

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales - Charity number 266518

Accounts

Aga Khan Foundation (United Kingdom)

Report of Council and Financial Statements

31 December 2022

Registered Number 01100897

Registered Charity Number 266518

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Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the Aga Khan Foundation (United Kingdom) (hereinafter “charitable company” or “AKF (UK)”) for the year ended 31 December 2022. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting & Reporting by Charities” in preparing the annual report and financial statements.

Reference and administrative information

Members of the Council

The members of the Council during the year to 31 December 2022 were:

His Highness the Aga Khan
Prince Ayn Mohamed Aga Khan
Prince Rahim Aga Khan
Princess Zahra Aga Khan
Alan Abela
Jane Piacentini-Moore

National Committee

The Council are supported by a National Committee, whose members (who are not directors) at 31 December 2022, were:

Mahmood H. Ahmed	Chairman
Abyd Karmali	Vice Chairman
Salimah Currimbhoy	
Naushad Jivraj	
Faaiza Lalji	
Dr. Gurdofarid Miskinzoda	
Munira Nathoo	
Dr. Nacim Pak-Shiraz	
Shainila Pradhan	

Secretary

Habib Motani

Chief Executive Officer

Dr. Matthew Reed

Senior Management

The members of Senior Management at 31 December 2022, were:

Jasmin Jahanshahi
Christina Jorgensen
Gradleigh Ruderham
Christopher Wilton-Steer

Registered office

3 Cromwell Gardens, London SW7 2HB

Registered auditor

Crowe UK LLP
55 Ludgate Hill, London EC4M 7JW

Bankers

Lloyds Bank plc
39 Threadneedle Street, London EC2R 8AU

Report of the Council *(continued)*

Structure, governance and management

Governing document

Aga Khan Foundation (United Kingdom) is a company limited by guarantee and having share capital, incorporated on 9 March 1973, and registered as a charity, in England and Wales on 4 December 1973. The objects and powers of AKF (UK) were established in its Memorandum of Association and are governed by its Articles of Association.

Appointment

The members of the Council who held office during the financial year and at the date of this report are set out on page 1. As set out in the Articles of Association, the members of the Council (other than His Highness the Aga Khan) are appointed by the holder(s) of a simple majority of the issued shares in the capital of AKF (UK).

The Council are supported by the National Committee for governance and supervision of AKF (UK). The National Committee is appointed by the Council. The names of the members of the National Committee are set out on page 1.

Induction and training

New members of the Council review written materials and undergo an informal orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the objectives and strategies, and the recent financial performance of AKF (UK).

The current members of the Council have acquired in-depth knowledge of the work of AKF (UK) and the Aga Khan Development Network (hereinafter “AKDN”) as a whole. The annual global Aga Khan Foundation budget meeting involves the production of comprehensive information, including a progress report on all significant activities, an update on performance against annual budgets and an update on the programmes. Additional information is submitted to the Council regularly throughout the year, to ensure they are kept abreast of key developments. Additional meetings on specific topics of concern to the Council are scheduled on an as-needed basis. This process ensures that the Council are kept abreast of the on-going activities of AKF (UK) and has a strong understanding of the relationships and transactions with related parties of AKF (UK) within the AKDN. In view of this, no additional on-going training for the members of the Council is needed.

The National Committee was re-appointed on 1 September 2020. When new National Committee members are appointed, a formal induction is arranged. New members are briefed about how AKF (UK) engages in its different roles, its objectives and the role of the National Committee to help achieve those objectives. The National Committee comprises members representing a mix of skills including management, accounting, legal and communications.

Organisation

The Council, which can have up to seven members, governs AKF (UK). A Chief Executive Officer (CEO) is appointed by the Council to manage the day-to-day operations of AKF (UK). The Council meets annually, with meetings of its sub-committees throughout the year, and is supported by the National Committee, as stated above, in the governance and supervision of AKF (UK). Day-to-day running and management of AKF (UK) has been delegated by the Council to the CEO who, in addition to reporting to the Council, also reports to the General Manager of the Aga Khan Foundation in Geneva and the National Committee.

The National Committee has established a sub-committee to support the finance and administration of AKF (UK). This sub-committee meets monthly. The skills and experience of this Finance Committee have helped AKF (UK) in achieving its objectives.

As a member of the AKDN, AKF (UK) draws upon the experience of the wider AKDN network. However, it has stand-alone operating policies and procedures.

The CEO and Heads of Departments are considered to be the senior management personnel of AKF (UK). The remuneration of the CEO is recommended to the Council by the General Manager and leadership of the Aga Khan Foundation in Geneva and in consultation with the National Committee. This process includes benchmarking against the UK charities and development sector, benchmarking across AKDN agencies and other international development charities worldwide and consideration of the CEO’s depth of experience in the sector and role.

Interests of members of the Council

No member of the Council had, at any time during the year, any interests in any shares of AKF (UK) which would require disclosure within this report.

Report of the Council *(continued)*

Charity Governance Code

The Charity Governance Code is designed as a tool to support continuous improvement of an organisation's governance. The Council has reviewed the Code and its key principles and believes that the governance of AKF (UK) is in line with the Code.

Objectives and Activities

Principal activities

AKF (UK) is registered as a charity in England and Wales, is an affiliate of the Aga Khan Foundation, and is part of the Aga Khan Development Network. The members of the Council confirm that they have had regard to the Charity Commission guidance on public benefit when reviewing and setting AKF (UK)'s aims and objectives. Its principal activities are social development, institutional development and social activities. These activities promote and provide for the advancement of education, health, rural development, the environment and support to civil society. The objects of AKF (UK) as set out in its memorandum and articles includes the advancement of education through the creation and support of educational institutions, to provide facilities for study, accommodation and religious worship, to relieve human suffering and sickness, to provide or assist in the interests of social welfare, and to relieve poverty.

Fundraising

AKF (UK)'s fundraising activities are substantially directed at government agencies and institutions and not at the general public. Whilst AKF (UK) receives unrestricted income from individuals it does not actively fundraise for this and as such no special measures are required to protect vulnerable people and other members of the public from unreasonable intrusion or behaviour. AKF (UK) organises events to increase awareness of its and the AKDN's activities, and donations are often received following such events. In the context of significant events or initiatives relating to the AKDN or the Ismaili community, supporters sometimes choose to make donations to AKF (UK). In many years individuals enter charity runs or similar events selecting AKF (UK) as their chosen beneficiary. AKF (UK) itself also holds a charity walk and run in some years. AKF (UK) is not registered with the Fundraising Regulator. Any fundraising activities that take place are carried out by AKF (UK) staff or volunteers and no complaints were received relating to them during the year.

Grant-making policy

AKF (UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to a range of development challenges in the fields of education, health, rural development, the environment and civil society, and by supporting these approaches through grants to organisations that share its goals. AKF (UK) does not accept applications for grants, but instead works collaboratively with partner organisations to develop proposals for donors and then acts as the prime agency in making grants to the partner organisations. These partner organisations are primarily agencies of AKDN and organisations selected by those agencies in the field based on common values, approaches, goals and objectives. AKF (UK) works very closely with these grantees in the design, implementation and monitoring of projects. The aim is to create a critical mass of focused and innovative activities, complementing each other within and across sectors, in order to make a significant contribution to social development and improving quality of life. Additionally in 2022 AKF(UK) acted as a conduit for a number of entities. These funds were received by AKF(UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF(UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

Social development

The primary role of AKF (UK) in the area of social development is to act as an interface between institutional and private donors on the one hand and the range of projects implemented by AKDN agencies on the other hand. It represents the agencies of AKDN to partner governments and institutions in Europe, the Middle East, and Asia, as well as to multilateral agencies in those regions. Principal activities are the development of long-term, strategic relationships with institutional donors, securing resources for projects implemented by AKDN agencies, managing and reporting on grants, and other associated liaison between institutional donors and implementing agencies. AKF (UK) has established long term relationships with significant partners such as: Asian Development Bank, European Commission (EC), the UK's Foreign, Commonwealth & Development Office (FCDO), German Development Cooperation, the Swiss Development Cooperation, French Development Cooperation, Japan International Cooperation Agency, Children's Investment Fund Foundation, IKEA Foundation, Jacobs Foundation, Lego Foundation, Oak Foundation, Porticus Foundation, Johnson & Johnson (J&J), Dubai Cares, Education Above All Foundation and various other charities, foundations and government agencies through Memoranda of Understanding, grant contracts, or their equivalent.

Report of the Council *(continued)*

Strategic Report

Institutional development

In furtherance of AKF (UK)'s educational charitable objectives, AKF (UK) makes high quality educational space and facilities available to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) at the Aga Khan Centre in King's Cross London, the building which houses AKF (UK)'s offices. In addition, AKF (UK)'s nearby Victoria Hall building provides accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

Social development achievements and performance

AKF (UK) assesses its performance and impact in the area of social development primarily through annual targets for raising funds, as well as monitoring the spending rates, quality of implementation, and compliance of the projects it supports. In addition, AKF (UK) sets annual targets for proposal development and donor cultivation, grants management, and communications and public affairs. These are reported on a quarterly basis to the Aga Khan Foundation Geneva and to the Chair of the National Committee.

In 2022, AKF (UK) secured 17 grants at a total of £63.8 million to support AKDN and partner programmes primarily in Asia and Africa. The largest grant, for £11.2 million, was secured from the UK's FCDO.

In addition, AKF (UK) helped other AKDN agencies secure significant grants from European donors with whom AKF (UK) has the primary relationship. A further £60.2 million was obtained for these AKDN agencies from a wide range of partners including the French, German, and Swiss Government institutions as well as from UN agencies. Of particular relevance in 2022, AKF (UK) helped the Aga Khan Foundation in Afghanistan secure £51.6 million in new grants to support humanitarian relief and basic needs in response to the crisis in Afghanistan.

Political events in Afghanistan in mid-August 2021, led to some donors suspending AKF (UK)'s grants in Afghanistan. This was particularly the case for German-funded grants, as well as two grants supported by the European Commission. AKF (UK) carried out a legal review across its entire portfolio in Afghanistan, which concluded that the nature of the work in Afghanistan which AKF (UK) supports, and the sectors of focus of that work, fall within the humanitarian and basic human needs activities which the major sanctions regimes relating to Afghanistan permit. In addition, AKF (UK) regularly reviews the latest lists of individuals sanctioned under Afghanistan related sanctions regimes to check that listed sanctioned individuals are not being supported by our work. As a result, AKF (UK) has been able to effectively engage with donors to re-commence most projects or to mobilise additional resources for the growing humanitarian needs in Afghanistan. In 2022, AKF was able to secure new funding from the governments of France, the Netherlands, Switzerland, and the UK, as well as the European Commission and its humanitarian branch, ECHO.

Despite the continued challenges in Afghanistan, 2022 was a year of significant activity and achievement. A few examples include:

- **Continued and expanded support from the UK government for Afghanistan:** In 2022, following FCDO approval, the LNGB+ project (part of the UK's Girls Education Challenge Fund) was able to re-start and was extended to enable the cohort of girls to complete the full cycle of primary education. LNGB+ continues to provide education opportunities for 5,000 highly marginalised girls living in 230 remote communities, alongside a package of life skills trainings and psychosocial support. The project was also expanded to provide vital humanitarian support for the girls' families to minimise the risk of drop-out as a result of economic constraints. In addition, FCDO has provided further resources through a separate grant to support critical livelihoods interventions and access to essential healthcare services. This new grant will reach over 800,000 people across nine provinces.
- **Schools2030:** Schools2030, a 10-year partnership between AKF (UK) and a coalition of other private foundations and leaders in international early childhood development and education, completed its first year of full implementation. This included the inaugural Schools2030 Global Forum held in Dar es Salaam Tanzania, which brought together Ministers, teachers, community representatives, investors and researchers to share ideas on how to equip the next generation to become skilled and resilient in the face of increasing uncertainty. Schools2030 is supported by the following organisations: Dubai Cares, Jacobs Foundation, LEGO Foundation, OAK Foundation, Porticus Foundation and others.

Report of the Council *(continued)*

- **Further resources secured for Madagascar:** Adding to the 3-year project funded by the European Commission called SANIDA signed in 2021, another 3-year grant was signed in 2022 with the EC. This project will support improved economic and climatic resilience of 11,800 family farms in northern Madagascar. A new partnership was also established with Blue Action Fund to bolster community-led marine conservation efforts and enable sustainable livelihoods of small-scale fishers in the Barren Isles (a chain of small islands 20-30kms off the coast of the main island of Madagascar). Over the next five years, the project will aim to empower communities to safeguard their natural resources and diversify their income-generating opportunities.
- **Building resilience in Pakistan:** With funding from ECHO through AKF(UK), AKF and AKDN partners in Pakistan implemented an 18-month programme on ‘Strengthening community and health system disaster preparedness in vulnerable areas of Gilgit-Baltistan.’ The project reached almost 75,000 people through disaster management training, healthcare equipment, and emergency response stockpiles. Community Emergency Response Teams (including 50% female members) have been trained to act as first responders in an emergency, and health facility staff trained in mass casualty management. When the devastating floods occurred in August 2022, communities were able to mobilise quickly, and provide support to those affected.
- **Deepening and expanding partnership with the EC:** In 2022, AKF(UK) helped to secure second phases of projects in Tajikistan and Mozambique, as well as new projects in Egypt and Syria.

Institutional development achievements and performance

In 2022 AKF (UK) made institutional development grants totalling £2.2m primarily to the Aga Khan University. AKF (UK) also provided high quality educational space and facilities to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) and also provided accommodation for higher education students, many of whom are attending programmes at IIS or ISMC

IIS is a higher education and academic research institute, established in 1977 to promote scholarship and learning about Muslim cultures and societies. IIS aims to contribute to the academic study of the diversity of Islam as a faith and as a civilisation, by addressing intellectual and practical issues both historically and in the present context. IIS offers two Masters level taught programmes. Both programmes of study draw on teaching faculty from its research department as well as visiting scholars from leading national and international academic institutions. IIS' graduate programmes, as well as its range of doctoral scholarships and fellowships, attract students and scholars from across the world.

ISMC was founded in 2002, as an educational and research unit within the international Aga Khan University. ISMC is an inter-disciplinary institute, carrying out internationally recognised scholarship, education and outreach in the humanities and social sciences on Muslim societies and cultures. ISMC promotes scholarship that opens new perspectives on Muslim heritage, modernity, culture, religion, and society. It offers a Masters level taught programme in Muslim Cultures.

Section 172(1) statement

The members of the Council have regular discussions on and are satisfied that all key decisions taken have considered the long-term impact of such decisions and the impact on AKF (UK)'s donors, implementing partners, employees and the communities that we work in and with. AKF (UK) takes great care to ensure its activities are implemented in a collaborative manner and will deliver impactful change in the long-term.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The members of the Council consider that maintaining collaborative business relationships is a key factor for AKF (UK) in order for us to continue to meet our strategic goals. This is especially true when it comes to our relationships with our grant-giving donors and the implementing partners with whom we work in partnership. AKF (UK) strives to ensure that all decisions taken on our programmes are taken in alignment with the wishes and regulations of those who fund them and taking into consideration the interests of those who are responsible for programme delivery, as we feel this is the most effective and efficient way of achieving lasting change for the communities that we work with.

Report of the Council *(continued)*

Streamlined Energy and Carbon Reporting

In 2022 AKF (UK) used 5,709,690 kWh of energy (2021 - 5,544,437 kWh), this equated to a carbon footprint of 444 tonnes CO₂ (2021 - 720 tonnes CO₂). This represents a carbon intensity ratio of 0.01 tonnes CO₂ per m² (2021 - 0.02 tonnes CO₂ per m²). UK energy use covers the provision of electricity and heating at the Aga Khan Centre and Victoria Hall, which are both located in the Kings Cross estate. It also includes electricity and gas consumption related to the seventeen social and cultural centres owned by AKF (UK).

There has been an increase in usage of 165,253 kWh from 2021. This has been driven by a greater presence in each of the properties but also by the fact that 2022 represents a complete year of data for the social/cultural centres acquired in the prior year. The Kings Cross estate has 100% renewable electricity contracts, and reduced emissions from the district heating network. Data on energy usage was collected directly from billing information and where available, information collected in kWh was converted at the rate disclosed by the supplier. In the absence of this, emissions were converted using the UK Government's 2022 GHG Conversion Factors.

Financial review

During the year AKF (UK)'s fixed assets decreased by 1% from £179.7m to £177.3m as a result of depreciation, cash increased by 25% from £41.7m to £52.2m and total reserves increased by 6% from £218.0m to £230.8m. In the opinion of the members of the Council, adequate assets are available to fulfil the future obligations of AKF (UK). A summary of the result of AKF (UK)'s activities during the period is given in the Statement of Financial Activities on page 13.

Income

During the year, the total income (excluding foreign exchange gain) increased by 25% to £71.1m (2021: *decreased by 4% to £56.9m*). This was driven principally by an increase in grants for our social development work and also an increase in donations received in commemoration of His Highness' Diamond Jubilee. In 2022 the social development income was £46.6m (2021: *£37.8m*) and donations received in commemoration of His Highness' Diamond Jubilee were £8.5m (2021: *£3.5m*).

The majority of social development income is from grants, which increased by 36% to £43.0m (2021 *decreased by 7% to £31.6m*). Agreements with main funders are on-going and underpin the successful resource mobilisation strategy that has enabled AKF (UK) to secure significant levels of funding for AKDN projects around the world. Maintaining on-going relationships with major donors and establishing new partnerships are critical to AKF (UK)'s success and sustainability. These relationships should ensure the future strength of AKF (UK)'s income for social development purposes against a backdrop of continuing financial austerity among donor institutions. The income recognised in the Statement of Financial Activities represents the proportion of multi-year grants that were recognised in 2022 according to the accounting policies set out in note 1 to the accounts, and so does not correspond to the total value of grants secured and signed in the year.

Expenditure

In 2022, total expenditure increased by 8% to £59.0m (2021: *increased by 21% to £54.4m*) as a result of increased expenditure on social development activities.

The most significant expenditure related to social development programmes of which £46.7m (2021: *£39.5m*) was disbursed during the year, benefiting projects implemented by AKDN institutions around the world. For international programmes supported directly through AKF (UK) in 2022, resources expended contributed to significant efforts in education, early childhood development, agriculture and food security, health and nutrition, civil society, energy and culture. The largest programmes were implemented in Afghanistan, where £21.6m project expenditure was made (2021: *£14.1m*), in particular on projects funded by SDC, FCDO and the EC (note 7).

The other main category of resources expended was institutional development programmes amounting to £10.7m (2021: *£14.3m*). This mainly consists of funding for the Aga Khan University (note 8). The main reason for the decrease was that a one-off grant of £3.0m was made to the Aga Khan Foundation, Geneva in 2021 for various projects funded from donations received in commemoration of the Golden Jubilee of His Highness, the Aga Khan.

The core costs of managing AKF (UK) and administering the resource mobilisation and grants management functions increased to £2.2m (2021: *£1.9m*). These core costs are primarily funded by the Aga Khan Foundation Geneva. All donation income is applied to AKF (UK)'s charitable objectives, specifically to programme expenditure on social development and institutional development projects.

Report of the Council *(continued)*

Reserves policy

AKF (UK) requires reserves in order to meet its funding commitments in respect of its joint-funded projects and for the furtherance of its activities. AKF (UK) has established a policy whereby the level of its free reserves (being those funds not tied up in fixed assets and not part of designated funds or restricted funds) should be sufficient to sustain its administrative expenses for at least two months. AKF (UK) considers that the target level of free reserves at 31 December 2022 was £0.4m (2021: £0.3m) and anticipates that the target level of free reserves at 31 December 2023 will be approximately £0.4m. As of 31 December 2022, the total unrestricted general reserve of £0.3m (2021: £0.4m) represented actual free reserves.

AKF (UK) has established a policy whereby the level of its designated reserves for projects should be sufficient to meet commitments on an annual basis. At 31 December 2022, the total balance of designated funds was £215.8m (2021: £207.5m). In order to maintain the level of such reserves, AKF (UK) undertakes events to raise awareness of AKF (UK) which result in support, for example through donations and commitments on a long-term basis.

Designated funds held by AKF (UK) as part of its charitable activities for institutional development purposes totalled £190.4m (2021: £181.3m) of which £157.9m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social purposes totalled £24.0m (2021: £22.3m) of which £19.5m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social development purposes totalled £1.4m (2021: £4.0m) of which £0.0m was represented by fixed assets.

Going concern

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Investment policy

The Council has the power to invest in such assets as it sees fit. The Council are supported in the exercise of these powers by the National Committee.

AKF (UK), having regard to its liquidity requirements and reserves policy, has operated a policy of keeping available funds in interest-bearing deposit accounts and seeking to achieve an appropriate rate of deposit interest. The Finance Committee reviews the placements on a regular basis and decides the appropriate placement periods on the basis of available funds and their intended use.

Future plans

In 2023, AKF (UK) will continue to develop a robust project pipeline with AKDN agencies, with emphasis on AKDN's significant and growing initiatives in civil society, culture, education, economic development, energy, health, livelihoods, climate adaptation and disaster preparedness. AKF (UK) will continue to pursue new partnerships and funding opportunities with bi-lateral and multi-lateral donors, especially to deepen its relationships with multilateral funders such as Asian Development Bank and Islamic Development Bank, non-traditional funders such as the UAE and Qatar, as well as the European Commission, FCDO, France, Germany, and Switzerland among others. In recent years, AKF (UK) has established a diversified funding base through new partnerships with foundations and corporations, and this work will continue.

Report of the Council *(continued)*

AKF(UK) will maintain its efforts to secure funding for AKDN's humanitarian and basic needs response in Afghanistan, including a greater focus on engaging with regional funders. In addition, AKF (UK) will continue to explore opportunities under discussion with the European Commission, France, Japan, Qatar, UK, and several other donors for key initiatives in Afghanistan as well as other core geographies, such as Egypt, Madagascar and Mozambique, India, Pakistan, Tajikistan and Syria.

Additionally, in 2023, AKF (UK) will continue to transform our operations to meet the organisation's net zero goal by 2030. AKF (UK) will support our sister offices and agencies in other countries to do the same.

AKF (UK) works with field units of AKF and AKDN to support them in securing grants directly from European, Asian and multi-lateral donors. AKF (UK) has strengthened its London-based team to engage a wider range of partners, represent AKDN in public fora, and support the design and preparation of grant proposals and budgets. AKF (UK) coordinates extensively between field units and donors, requiring extensive communication and travel to the countries where AKDN is active. AKF (UK) also uses funds raised from private donations to match donor funding where there is a match-funding requirement.

AKF (UK) continues to promote awareness of the work of AKF (UK) and AKDN through presentations, events and exhibitions. This work is expected to continue to grow in the future.

Principal Risks and Uncertainties

The Council, assisted by AKF (UK)'s National Committee and AKF (UK)'s CEO, assesses the major risks to which AKF (UK) is exposed on an on-going basis. On a monthly basis, the Finance Committee meets and reviews ongoing risks and compliance issues, in particular those related to its operations and finance. The major risks to which AKF (UK) is exposed are:

- Reliance on a small number of sizeable, traditional donors
- The potential impact of the global economic situation, political trends, and security crises on the availability of development funding for regions where AKDN is active
- Compliance violations or donor guidelines that are not adhered to by implementing agencies

The first and second risks are mitigated both by cultivating new donor relationships, diversifying opportunities, widening and deepening current relationships, and sustaining high levels of trust through consistent professional performance. The third risk is mitigated through enhanced communications with and monitoring of implementing partners, independent evaluations, donor assessment of programmes and other key information, strengthening grant agreements and monitoring requirements. AKF Geneva employs internal audits to monitor implementing partners; when necessary, these also monitor grant compliance with donor guidelines and the reports that relate to AKF(UK) funded projects are shared with AKF (UK). AKF (UK) is satisfied that appropriate systems are in place to mitigate AKF (UK)'s exposure to major risks.

Disclosure of information to auditors

Each of the members of the Council at the date of approval of this Report of the Council and Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which AKF (UK)'s auditor is unaware; and the members of the Council have each taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that AKF (UK)'s auditor is aware of that information.

Report of the Council (*continued*)

Statement of the Council's responsibilities in respect of the Report of the Council and Strategic Report and the financial statements

The members of the Council are responsible for preparing the Report of the Council and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Council 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;
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Council and Strategic Report approved by order of the Council



Jane Piacentini-Moore

Member of the Council

Date: 31st July 2023

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom)

Opinion

We have audited the financial statements of Aga Khan Foundation (United Kingdom) ('the charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheets, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2022 and of the incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- have been prepared in accordance with the requirements of the Company 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 group 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 Council'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 group's or 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 Council with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

the information given in the Report of Council, which includes the directors' report and the strategic 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 Report of the Council 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Report of Council.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of the Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Council's responsibilities

As explained more fully in their statement set out on page 9, the members of the Council (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 controls as the Council determine are 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 members of the Council 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 Council either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and charitable company for fraud. The only other laws and regulations we considered in this context are General Data Protection Regulations, health and safety regulations and employment tax.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence, if any.

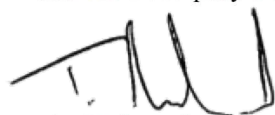
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, the recognition of grant expenditure, the valuation of the investment property and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on income, grant expenditure and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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, and to the charitable company's members of the Council, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Council 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, the charitable company's members as a body and the charitable company's Council, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 11 August 2023

Statement of Financial Activities, including Income and Expenditure Account

for the year ended 31 December 2022

	<i>Notes</i>	Unrestricted Funds		Restricted Funds	Total 2022	Total 2021
		General Funds	Designated Funds			
		£000	£000	£000	£000	£000
Income from						
Grants, donations and legacies						
Social development programmes	6	-	3,497	43,056	46,553	37,787
Institutional development	6	1,631	15,055	-	16,686	12,399
Social and cultural centres		-	2,867	-	2,867	2,543
Communications and awareness raising		249	-	-	249	176
Core costs		1,874	-	-	1,874	1,709
Rental income		-	2,858	-	2,858	2,248
Investment income		-	25	-	25	8
Other income		-	19	-	19	41
Net gain/(loss) from foreign exchange		-	1,363	(706)	657	148
Total income		3,754	25,684	42,350	71,788	57,059
Expenditure						
Charitable activities						
Social development programmes	7	1,652	7,354	37,741	46,747	39,491
Institutional development	8	1,869	8,818	-	10,687	14,250
Social and cultural centres		28	1,251	-	1,279	518
Communications and awareness raising		249	-	-	249	176
Total expenditure		3,798	17,423	37,741	58,962	54,435
Net income for the year		(44)	8,261	4,609	12,826	2,624
Transfers between funds		(11)	11	-	-	-
Net income before other recognised gains and losses		(55)	8,272	4,609	12,826	2,624
Net gain/(loss) from investments	10	-	-	-	-	-
Net movement in funds		(55)	8,272	4,609	12,826	2,624
Reconciliation of funds						
Funds brought forward		384	207,549	10,044	217,977	215,353
Total funds carried forward	20	329	215,821	14,653	230,803	217,977

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

Balance Sheet
at 31 December 2022

	Notes	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	152,843		155,179	
Investments	10	24,500		24,500	
			177,343		179,679
Current assets					
Debtors	11	5,798		1,228	
Cash at bank and in hand	18	52,239		41,729	
		58,037		42,957	
Creditors: amounts falling due within one year	13	(4,577)		(4,659)	
Net current assets			53,460		38,298
Total assets less current liabilities			230,803		217,977
Creditors: amounts falling due after one year			-		-
Net Assets			230,803		217,977
Share capital and reserves					
Called up share capital	21		-		-
Funds:					
Unrestricted funds					
General funds	20		329		384
Designated funds	20		215,821		207,549
Restricted funds	20		14,653		10,044
			230,803		217,977

The financial statements were approved by the Council and authorised for issue on 31 July 2023 and were signed on its behalf by:


Jane Piacentini-Moore
Member of the Council

Cash Flow Statement
for the year ended 31 December 2022

	<i>Notes</i>	2022 £000	2021 £000
Net cash inflow from operating activities	<i>17</i>	10,878	6,515
Cash flows from investing activities			
Interest received		25	8
Payments to acquire fixed assets		(393)	(534)
Increase in cash and cash equivalents	<i>18</i>	10,510	5,989
Net cash at 1 January	<i>18</i>	41,729	35,740
Net cash at 31 December	<i>18</i>	52,239	41,729

Notes

(forming part of the financial statements)

1 Principal accounting policies

AKF (UK) is a charitable company limited by guarantee, company registration no 01100897, registered address 3 Cromwell Gardens, London SW7 2HB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to AKF (UK)'s financial statements.

Basis of preparation

The charitable company is considered to be a public benefit entity. The financial statements have been prepared under the historical cost convention and in accordance with the 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 (SORP), the Companies Act 2006 and applicable Accounting Standards, FRS 102.

The members of the Council have prepared the financial statements on a going concern basis with no material uncertainties, which they consider is appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of AKF (UK) and which have not been designated for other purposes. Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by AKF (UK) as part of its charitable activities for social purposes. Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to AKF (UK) at the time of the donation. Fixed assets with an acquisition cost of less than £3,000 are not capitalised. Depreciation is provided on all tangible fixed assets (with the exception of land) at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold buildings	1%
Leasehold buildings	1%
Property Improvements	5%
Property fixtures and fittings	15%

Investment properties

Investment properties are carried at fair value supported by external valuers and derived from the current market rents and yields for comparable real estate, adjusted if necessary for differences in nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Operating leases

Rentals applicable to operating leases are included in the Statement of Financial Activities on a straight-line basis over the lease term.

Notes (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the statement of financial activities.

Pension costs

AKF (UK) operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

Income

Grants, donations and legacies receivable are from institutional donors, private donors and AKF Geneva. Donations and legacies are recognised when they become receivable, and tax reclaimed on gift aid donations is accounted for in the period of the associated gift. Grants receivables represent those grants where AKF (UK) has signed the contract with the funding agency and accepts responsibility for their application: these are recognised when the grant conditions are met and when AKF (UK) becomes entitled to each instalment of the grant funding. Entitlement to grant income is considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Rental income is receivable from commercial unit tenants and third-party property management organisations and are recognised when they become receivable.

Expenditure

Grants made are recorded on a commitment basis when there is a signed agreement or other unconditional commitment made to a grant recipient and all other expenditures are recorded on an accruals basis. Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by AKF (UK). Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by AKF (UK) as part of its charitable activities for social purposes. Expenditure under restricted funds is allocated specifically to the related projects. Support costs are allocated to the relevant charitable activity on the basis of the proportion of employee time spent on each activity.

Accounting estimates and key judgements

In the application of the AKF (UK)'s accounting policies, judgements, estimates and assumptions about the carrying value of assets and liabilities are made. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The key areas of judgement included in the financial statements are summarised below:

- (i) Valuation of investment properties - Investment properties are carried at fair value supported by external valuers as disclosed in note 10.
- (ii) Potential impairment of fixed assets - Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.
- (iii) Depreciation of fixed assets – Fixed assets are depreciated at rates calculated to write off the cost over their expected useful economic lives

2 Members of the Council's emoluments

No emoluments were paid to nor reimbursement of expenses received by the members of the Council for their duties (2021: £0).

Notes (continued)

3 Employee information

	2022 £000	2021 £000
Salaries and wages	3,418	3,292
Social security costs	408	357
Pension costs	321	270
Other benefits	<u>124</u>	<u>96</u>
	<u>4,271</u>	<u>4,015</u>

Senior Management personnel earned total salary and benefits of £705k (2021: £641k) and pension contributions totalling £61k (2021: £52k). The average number of staff employed by AKF (UK) during the year is:

	2022 Number	2021 Number
Communication	3	2
Finance and Administration	7	8
Grant administration	19	18
Victoria Hall Management	7	7
Aga Khan Centre Management	7	7
AKDN Programmes	<u>13</u>	<u>14</u>
	<u>56</u>	<u>56</u>

Employees earning above £60,000

	2022 Number	2021 Number
£60,001 - £70,000	5	3
£70,001 - £80,000	2	2
£80,001 - £90,000	1	3
£90,001 - £100,000	2	3
£100,001 - £110,000	1	1
£110,001 - £120,000	2	-
£130,001 - £140,000	1	1
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
£180,001 - £190,000	-	1
£190,001 - £200,000	-	-
£280,001 - £290,000	1	1
£290,001 - £300,000	1	-

Pension contribution totalling £192k were made for these employees during the year (2021: £161k).

4 Expenditure

Expenditure for the year is stated after charging the following costs.

	2022 £000	2021 £000
Depreciation (note 9)	2,729	2,359
Audit fee – Crowe UK audit of these financial statements	39	33
Auditor's remuneration for non-audit services	<u>6</u>	<u>6</u>

The £6k disclosed above for non-audit fees includes fees relates to corporation tax computation and a project audit. The audit fee for the year ending 31 December 2022 was £32,500 excluding VAT.

Notes (continued)

5 Support costs

The support costs of AKF (UK) consist of three cost elements. Support costs are allocated on a basis consistent with the use of resources and the calculation of allocation is determined by the percentage of time spent on each category by the relevant staff.

	Human Resources £000	Office Expenses & Technology £000	Travel Expenses £000	Total 2022 £000	Total 2021 £000
Unrestricted funds					
Social development programmes	1,007	537	107	1,651	1,404
Institutional development	154	82	1	237	255
Social and cultural centres	15	8	4	27	27
Communications and awareness raising	<u>154</u>	<u>82</u>	<u>12</u>	<u>248</u>	<u>176</u>
	<u>1,330</u>	<u>709</u>	<u>124</u>	<u>2,163</u>	<u>1,862</u>

6 Grants and donations received

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Social development programmes				
European Commission (including ECHO)	-	20,113	20,113	11,738
UK Foreign, Commonwealth & Development Office (FCDO)	-	6,507	6,507	8,240
Swiss Agency for Development and Cooperation (SDC)	-	4,617	4,617	2,427
German Federal Foreign Office	-	3,088	3,088	281
Aga Khan Foundation (USA)	2,850	-	2,850	5,535
Netherlands Ministry of Foreign Affairs	-	2,506	2,506	-
KfW	-	1,564	1,564	4,127
French Ministry for Europe and Foreign Affairs	-	880	880	-
The Lego Foundation	-	766	766	930
Oak Foundation	-	720	720	-
Atlassian Foundation International	-	412	412	-
The Wellspring Foundation	-	397	397	400
Royal Norwegian Ministry of Foreign Affairs	-	375	375	1,148
Vitol Foundation	-	249	249	500
Johnson & Johnson	-	182	182	-
Porticus	-	92	92	418
Jacobs Foundation	-	-	-	797
Other donations	647	588	1,235	1,246
	<u>3,497</u>	<u>43,056</u>	<u>46,553</u>	<u>37,787</u>
Institutional development				
Donations in commemoration of His Highness' Diamond Jubilee	8,547	-	8,547	3,527
Donations designated to the Aga Khan University	1,372	-	1,372	1,887
Donations designated to Kings Cross operational costs	1,237	-	1,237	1,056
Donations designated to the Aga Khan Schools	32	-	32	412
Donations designated to The Institute of Ismaili Studies	136	-	136	199
Other donations	5,362	-	5,362	5,318
	<u>16,686</u>	<u>-</u>	<u>16,686</u>	<u>12,399</u>

Notes (continued)

7 Expenditure on social development programmes

The following tables show grants paid to institutions by country.

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Afghanistan				
Afghanistan Humanitarian Appeal - Aga Khan Foundation Afghanistan	-	5,288	5,288	-
RISE Afghanistan - Aga Khan Foundation Afghanistan	-	3,321	3,321	-
FCDO Leave No Girl Behind - Aga Khan Foundation Afghanistan, CARE International UK, Catholic Relief Services and Save the Children	-	3,310	3,310	2,176
EC Strengthening COVID-19 Response in Afghanistan - Aga Khan Foundation Afghanistan	-	2,170	2,170	4,464
EC Improve Participatory Management and Efficiency of Rangelands and Watersheds - Aga Khan Foundation, Afghanistan	268	1,516	1,784	1,956
GFFO Emergency Health Assistance Afghanistan - Aga Khan Foundation Afghanistan	-	1,478	1,478	-
Food-security and Agricultural Sustainability for Livelihood Improvement - Aga Khan Foundation Afghanistan	-	1,265	1,265	-
Provision of essential and lifesaving nutrition services targeting children under two years and pregnant and lactating women across select provinces of Afghanistan - Aga Khan Foundation Afghanistan	-	742	742	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Afghanistan	-	446	446	-
Improving access to life-saving health, and psychological services in Afghanistan - Aga Khan Foundation Afghanistan	-	329	329	-
Supporting Cooperation and Opportunities for Regional Economic Development - Aga Khan Foundation Afghanistan	193	107	300	-
Improving Adolescents Lives in Afghanistan - Aga Khan Foundation Afghanistan	-	238	238	-
Emergency Assistance and Livelihoods Support for Vulnerable Households in the Northeast and Central Highlands of Afghanistan - Aga Khan Foundation Afghanistan	189	-	189	-
Schools 2030 - Aga Khan Foundation Afghanistan	150	38	188	32
Strengthening COVID-19 Preparedness and Response efforts in Afghanistan through supporting & sustaining COVID-19 diagnostic Centers in Badakhshan, Takhar, Baghlan and Bamyán Provinces - Aga Khan Foundation Afghanistan	-	181	181	-
FCDO GEC STAGES II - Aga Khan Foundation Afghanistan, CARE International UK, Catholic Relief Services and Save the Children	-	173	173	4,632
Government School Response to COVID-19 - Aga Khan Foundation Afghanistan	-	144	144	-
Australia Afghanistan Community Resilience Scheme - Aga Khan Foundation Afghanistan	36	-	36	-
Girls and Science - Aga Khan Foundation, Afghanistan	-	20	20	180
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation Afghanistan	-	-	-	208
Improved Road Infrastructure and Market Access in Immit Valley - Aga Khan Foundation Afghanistan	-	-	-	151
Kwahan Integrated Development - Aga Khan Foundation, Afghanistan	-	-	-	110
Improving Educational Opportunities in the Cross-Border Areas - Aga Khan Foundation Afghanistan	-	-	-	99
Promoting Access to Educational Institutions in the Cross-Border Districts - Aga Khan Foundation, Afghanistan	-	-	-	87
Forest Restoration to Enhance Ecosystem Services in Afghanistan - Aga Khan Foundation Afghanistan	-	-	-	48
Preservation of Endangered Languages in Afghanistan Badakhshan - Aga Khan Foundation Afghanistan	-	-	-	(10)
Total for Afghanistan programmes	836	20,766	21,602	14,133

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Brazil				
Schools 2030 - Trilha Pesquisa	-	14	14	-
Total for Brazil programmes	-	14	14	-
Canada				
Schools 2030 - Right to Play International	-	50	50	-
Batken-Sughd Cross Border Development Project (Phase II) - Global Centre for Pluralism	-	40	40	-
Total for Canada programmes	-	90	90	-
Egypt				
EC Improving Local Development Dynamics in Aswan - Aga Khan Foundation Egypt	-	-	-	65
Creating Access to Cairo's Islamic Cultural Heritage - Aga Khan Cultural Services Egypt	-	(12)	(12)	35
Total for Egypt programmes	-	(12)	(12)	100
Finland				
Schools 2030 - HundrEd.org	198	67	265	-
Total for Finland programmes	198	67	265	-
India				
Schools 2030 - Eklavya Foundation and Aga Khan Foundation India	48	232	280	3
Pathways to low carbon agriculture in India - Aga Khan Rural Support Programme (AKRSP) India and Aga Khan Foundation India	208	-	208	-
Hygiene & Behaviour Change Coalition for COVID-19 control - Aga Khan Foundation India and Aga Khan Agency for Habitat, India	-	82	82	585
Supporting Local Authorities for Accountable, Responsive and Transparent Systems for Solid Waste Management - Aga Khan Foundation India and Gram Swarajya Samiti Ghose (GSSG)	-	60	60	162
Strengthening the AKF Lehar Programme - Aga Khan Foundation India	-	43	43	3
Establishment of COVID 19 testing facilities - Prince Aly Khan Hospital, Mumbai	-	-	-	98
Improving Water and Sanitation Infrastructure and Hygiene Education in 20 Schools of Bihar and Uttar Pradesh - Aga Khan Foundation India	-	-	-	11
Total for India programmes	256	417	673	862

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Kyrgyz Republic				
Accelerate Prosperity in Central and South Asia - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan, University of Central Asia Kyrgyzstan and Aga Khan Foundation Kyrgyz Republic	349	894	1,243	-
Schools 2030 - Aga Khan Foundation Kyrgyz Republic	24	104	128	113
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	-	125	125	-
Economic Recovery of Agricultural Value Chains in Kyrgyzstan and Tajikistan II - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan	-	99	99	-
Improve participatory management and efficiency of rangelands and watersheds - University of Central Asia, Kyrgyzstan	-	53	53	-
Integrated Rural Development Programme - Mountain Soc Dev Support Prog (MSDSP) Kyrgyzstan and Aga Khan Foundation Kyrgyz Republic	34	-	34	19
Sustainable Winter Tourism Development Project (Phase II) - Aga Khan Foundation Kyrgyz Republic	11	-	11	-
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation Kyrgyz Republic	-	(1)	(1)	67
EC Strengthening civil society organisations' and youth's participation in local socio-economic development	-	-	-	43
Total for Kyrgyz Republic programmes	418	1,274	1,692	242
Kenya				
EC AKDN Regional Eastern Africa COVID-19 Response Partnership - Aga Khan Foundation East Africa	1,241	1,397	2,638	3,346
Schools 2030 - Aga Khan Foundation East Africa	50	378	428	681
AKU-SONAM Nursing Scholarships - Aga Khan University Kenya	-	131	131	466
Improving Social and Economic Opportunities for Youth in Northern Kenya - Aga Khan Foundation East Africa	-	88	88	-
Value based education in Kenya III - Aga Khan Foundation East Africa	26	-	26	-
Strengthening Resilience of Frontline Health Workers - Aga Khan University Kenya	-	18	18	32
Madrasa Resource Centre and Early Childhood Development in East Africa - Aga Khan Foundation East Africa	-	-	-	99
Play our Part Initiative - Aga Khan Foundation East Africa	-	-	-	84
Total for Kenya programmes	1,317	2,012	3,329	4,708
Madagascar				
EU Madagascar: Support to farming households (Diana, Sava and Analanjirofo) - Aga Khan Foundation Madagascar (OSDRM)	18	1,024	1,042	-
SANIDA- Improving food security and nutrition in Madagascar - Aga Khan Foundation Madagascar (OSDRM)	43	456	499	-
Madagascar Innovations Leverage for Climate Adaptation - Aga Khan Foundation Madagascar (OSDRM)	149	62	211	72
Food Assistance for Famine in Southern Madagascar / Emergency Food Assistance (EFA) - Aga Khan Foundation Madagascar (OSDRM)	81	127	208	-
SPEEDRICE: "Scaling-up, Promoting and Expanding Effortless Direct-seeding RICE permaculture" - Aga Khan Foundation Madagascar (OSDRM)	-	12	12	35
Total for Madagascar programmes	291	1,681	1,972	107

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Mozambique				
Strengthening Social Cohesion in Cabo Delgado, Phase II (COESO Phase II) - Aga Khan Foundation Mozambique	-	1,430	1,430	-
Juntos! Phase 4 - Aga Khan Foundation Mozambique	167	181	348	-
Strengthening Social Cohesion and Resilience to Radicalization in Cabo Delgado - Aga Khan Foundation Mozambique	-	190	190	325
JUNTOS III - Aga Khan Foundation Mozambique	-	-	-	73
Total for Mozambique programmes	167	1,801	1,968	398
Pakistan				
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Pakistan	431	1,178	1,609	-
Critical Preparedness, Readiness and Response Actions for Coronavirus Disease (COVID-19) Pandemic in Gilgit-Baltistan and Chitral - Aga Khan Foundation Pakistan	100	985	1,085	1,505
All-weather access road for cross-border tourism areas - Aga Khan Foundation Pakistan	-	158	158	211
Schools 2030 - Aga Khan Foundation Pakistan and ITA Pakistan	33	98	131	18
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) Phase 2 - Aga Khan Foundation Pakistan	129	-	129	-
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation Pakistan	-	61	61	-
Lives in Dignity - Aga Khan Foundation Pakistan	17	-	17	-
Strengthening Preparedness, Readiness and Response Actions for Covid-19 - Aga Khan Foundation Pakistan	-	7	7	-
Total for Pakistan programmes	710	2,487	3,197	1,734
Portugal				
Schools 2030 - Aga Khan Foundation Portugal	80	40	120	39
EC Social Impact Bonds Literacy Programme - Aga Khan Foundation Portugal	(81)	-	(81)	12
Capacity Building of Senior Caregivers - Aga Khan Foundation Portugal	-	-	-	182
Total for Portugal programmes	(1)	40	39	233
Switzerland				
Schools 2030 - Aga Khan Foundation Geneva	-	87	87	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Geneva	-	11	11	-
Total for Switzerland programmes	-	98	98	-

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Syria				
Salamieh District Multi-Sectoral Humanitarian Assistance (MSHA) - Aga Khan Foundation Syria	-	3	3	367
Total for Syria programmes	-	3	3	367
Tajikistan				
Critical Infrastructure Contributing to Stability and Peace, Phase II - Aga Khan Foundation Tajikistan	-	1,386	1,386	-
Shugnan VI Energy Cross Border Project Phase I - Pamir Energy Accelerate Prosperity in Central and South Asia - Aga Khan Foundation Tajikistan	-	1,309	1,309	3,449
Supporting Cooperation and Opportunities for Regional Economic Development - Aga Khan Foundation Tajikistan	282	541	823	3,015
Schools 2030 - Aga Khan Foundation Tajikistan	165	640	805	3,788
Shugnan VII Cross-Border Energy Project - Pamir Energy	217	94	311	113
Batken-Sughd Cross Border Development Project (Phase II) - Aga Khan Foundation Tajikistan	-	174	174	-
Critical Infrastructure to Contribute to Stability and Peace in Khorog - Aga Khan Foundation Tajikistan	-	149	149	297
Integrated Health and Habitat Improvement (IHHI) Rasht - Aga Khan Foundation Tajikistan	128	-	128	613
Integrated Natural Resources Management in Zaravshon Valley for Equitable and Sustainable Development (INVEST) - Aga Khan Foundation Tajikistan	109	-	109	-
Improving livelihoods and food security through sustainable Natural Resource Management - Aga Khan Foundation Tajikistan	94	-	94	57
AP TRIGGER II - Aga Khan Foundation Tajikistan	88	-	88	-
Economic Recovery of Agricultural Value Chains in Kyrgyzstan and Tajikistan II - Aga Khan Foundation Tajikistan	-	81	81	-
Electrification of Shuhada and Ishkashim, Badakhshan Province - Badakhshan Energy and Pamir Energy	-	45	45	-
Supporting Accelerated Growth for Entrepreneurship (SAGE) - Aga Khan Foundation Tajikistan	39	-	39	43
Batken-Sughd Cross-Border Development Project - Aga Khan Foundation Tajikistan	-	-	-	360
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation Tajikistan	-	-	-	336
Establishment of a fibre processing unit with dehairing and storage in cross-border areas - Aga Khan Foundation Tajikistan	-	-	-	251
Safe Drinking Water and Sanitation Management in Tajikistan (SWSMT) - Aga Khan Foundation Tajikistan	-	-	-	49
Shugnon Health Care Center - Aga Khan Foundation Tajikistan	-	-	-	16
Rushon Health Care Center - Aga Khan Foundation Tajikistan	-	-	-	13
Darvoz Health Care Center - Aga Khan Foundation Tajikistan	-	-	-	13
Khorog Rehabilitation Youth Centre - Aga Khan Foundation Tajikistan	-	-	-	9
Total for Tajikistan programmes	1,122	4,593	5,715	12,686

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Tanzania				
Oncology Comprehensive Cancer Project - Aga Khan Health Service (AKHS) Tanzania	1,406	-	1,406	-
Schools 2030 - Aga Khan Foundation East Africa	218	417	635	-
Enhancing the Competitiveness of Smallholder Rice Farmers in Morogoro - Aga Khan Foundation East Africa	25	106	131	127
Strengthening Resilience of Frontline Health Workers - Aga Khan Foundation East Africa	-	29	29	-
Total for Tanzania programmes	1,649	552	2,201	127
Uganda				
In Their Hands -Aga Khan Foundation East Africa	330	-	330	350
Schools 2030 -Aga Khan Foundation East Africa	-	121	121	-
Linking Community-based Saving Groups to Formal Financial Services in the West Nile region of Uganda -Aga Khan Foundation East Africa	-	-	-	46
Total for Uganda programmes	330	121	451	396
United States of America				
Schools 2030 – ECD Measure and Save the Children	-	94	94	-
Total for United States programmes	-	94	94	-
United Kingdom				
Schools 2030 - UNICEF	3	73	76	335
Disaster Risk Insurance Phase 2 - Global Parametrics & Aga Khan Agency for Habitat	-	-	-	171
Total for United Kingdom programmes	3	73	76	506
Total Grants made for social development	7,296	36,171	43,467	36,599
Non-Grant Expenditure	1,710	1,570	3,280	2,892
Total Expenditure for social development	9,006	37,741	46,747	39,491

Notes (continued)

8 Expenditure on institutional development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Aga Khan University Foundation various projects	2,040	-	2,040	2,016
The Institute of Ismaili Studies for their educational programmes	123	-	123	230
Aga Khan Academies for their educational programmes	26	-	26	416
Aga Khan Foundation Geneva, various projects	-	-	-	2,958
Aga Khan Agency for Habitat programmes	-	-	-	1
Total Grants made for institutional development	2,189	-	2,189	5,621
Non-Grant Expenditure	8,498	-	8,498	8,629
Total Expenditure for institutional development	10,687	-	10,687	14,250

9 Tangible fixed assets

	Freehold Land & Buildings £000	Long Leasehold Land & Buildings £000	Property Improvements £000	Property Fixture and fittings £000	Assets Under Construction £000	Total £000
Cost						
At 1 January 2022	34,962	133,935	1,528	10,921	407	181,753
Additions	-	-	84	15	294	393
Disposals	-	-	-	-	-	-
Transfers	-	-	390	-	(390)	-
At 31 December 2022	34,962	133,935	2,002	10,936	311	182,146
Depreciation						
At 1 January 2022	16,317	2,276	1,288	6,693	-	26,574
Charge for the year	106	1,010	37	1,576	-	2,729
Disposals	-	-	-	-	-	-
At 31 December 2022	16,423	3,286	1,325	8,269	-	29,303
Net book value						
At 31 December 2022	18,539	130,649	677	2,667	311	152,843
At 31 December 2021	18,645	131,659	240	4,228	407	155,179

All assets are held for charitable purposes.

Notes (continued)

10 Investments

Investment in shares

AKF (UK) owns one ordinary share of £1 (1% of the issued and paid up share capital) in The Institute of Ismaili Studies (2021: £1), which is incorporated in England.

Investment in property

Investment property comprises Fenman House in the Kings Cross estate that is leased to a third party. Changes in fair values are recognised as investment gains or losses in the Statement of Financial Activities.

The historical cost of this property was £20.6m and the most current valuation was carried out in May 2021 by a MRICS independent valuer of Knight Frank LLP. When arriving at their valuation, they considered sales from within the King's Cross Estate in order to compare recent sales data. The independent valuation, recent market data and recent market trends have all been taken into account by the Council in their decision to keep the balance sheet value at £24.5m

	2022	2021
	£000	£000
Balance at 1 January	24,500	24,500
Acquisitions	-	-
Change in Fair Value	-	-
	<hr/>	<hr/>
Balance at 31 December	24,500	24,500
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	2022	2021
	£000	£000
Prepayments and accrued income	5,752	799
Debtors with other AKDN Agencies	45	379
Other debtors	1	50
	<hr/>	<hr/>
	5,798	1,228
	<hr/> <hr/>	<hr/> <hr/>

Debtors with other AKDN Agencies includes £1k with AKF Geneva (2021: £350k), £15k with Aga Khan Academies (2021: £0k), £29k with AKDN (2021: £0k) and £0k with Aga Khan Health Services (2021: £29k).

Notes *(continued)*

12 Lease commitments as a lessor

AKF (UK) has four operating lease contracts in place as a lessor. The first relates to Fenman House in the Kings Cross estate that is leased to a third party. The original lease was for 4 years until 31 January 2023 with annual rents indexed to RPI, however this was extended in January 2023 for a further 3 years to 31 January 2026.

In addition, there are contracts in place for three commercial units, the first two in Aga Khan Centre and the second in Victoria Hall. The two units in Aga Khan Centre are leased to third parties and the contract runs until 28th September 2039 and 24th December 2036 respectively. The unit at Victoria Hall is leased to a separate third party and runs until the 3rd September 2037. AKF (UK) has future minimum lease receipts under non-cancellable operating leases for each of the following periods.

	2022	2021
	£000	£000
Receivable in less than 1 year	1,002	974
Receivable between 1 and 5 years	2,803	1,606
Receivable in greater than 5 years	240	240
	4,045	2,820
	4,045	2,820

13 Creditors

	2022	2021
	£000	£000
Amounts falling due within one year		
Accruals and deferred income	3,003	2,930
Grants Payable	1,128	1,247
Trade creditors	225	289
Payroll taxes	114	109
Other creditors	107	84
	4,577	4,659
	4,577	4,659

Grants payable (all falling due within one year)

	£000
As at 1 January	1,247
Grants committed in the year	42,455
Grants paid in the year	(42,574)
	1,128
As at 31 December	1,128

Deferred income

	£000
As at 1 January	1,534
Amounts released to income	(1,534)
Amounts due within one year	1,344
	1,344
As at 31 December	1,344

Income has been deferred where it has been received in advance of contractual obligations with regards to rental income and grant income. All deferred income carried forward is released in the subsequent period.

Notes (continued)

14 Future grant commitments

Future grant commitments related to work carried out by AKF(UK)'s implementing partners amount to £57,717,219. These represent grant agreements signed before 1st January 2023 for payment in future years. All commitments are funded by institutional grants, are made in connection with institutional grants for the programmes referred to in Note 6 and there are no performance-related conditions attached to these commitments.

15 Taxation

AKF (UK) is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

16 Pension scheme

AKF (UK) operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by AKF (UK) to the scheme and amounted to £321k (2021: £270k), £47k was payable at 31 December 2022 (2021: £39k).

17 Reconciliation of net income to net cash inflow from operating activities

	2022	2021
	£000	£000
Net income / movement in funds	12,826	2,624
Depreciation on tangible fixed assets	2,729	2,359
Gift in kind donations capitalised	-	(910)
Interest receivable	(25)	(8)
Increase in debtors	(4,570)	(294)
(Decrease) / increase in creditors	(82)	2,744
	10,878	6,515
Net cash inflow / (outflow) from operating activities	10,878	6,515

18 Cash and cash equivalents

	2022	2021
	£000	£000
Changes in the year		
At 1 January	41,729	35,740
Net cash inflow/(outflow)	10,510	5,989
	52,239	41,729
At 31 December	52,239	41,729

Notes (continued)

19 Capital commitments

Conditional capital commitments

There were no material capital commitments as at 31 December 2022.

20 Reconciliation of funds

	Unrestricted Funds			2022 Total £000	2021 Total £000
	General Funds £000	Designated Funds £000	Restricted Funds £000		
Balance at 1 January	384	207,549	10,044	217,977	215,353
Income	3,754	24,321	43,056	71,131	56,911
Expenditure	(3,798)	(17,423)	(37,741)	(58,962)	(54,435)
Recognised Gains / (Losses)	-	1,363	(706)	657	148
Transfer of funds	<u>(11)</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u>329</u>	<u>215,821</u>	<u>14,653</u>	<u>230,803</u>	<u>217,977</u>
Represented by:					
Fixed assets	-	177,343	-	177,343	179,679
Current assets	630	40,451	16,956	58,037	42,957
Current liabilities	<u>(301)</u>	<u>(1,973)</u>	<u>(2,303)</u>	<u>(4,577)</u>	<u>(4,659)</u>
	<u>329</u>	<u>215,821</u>	<u>14,653</u>	<u>230,803</u>	<u>217,977</u>

General funds are held to provide cashflow reserves and working capital. Restricted funds relate to social development projects and will be spent in 2023. Designated funds represent funds earmarked by the Council for the following purposes:

Designated Funds	Social Development £000	Institutional Development £000	Social £000	2022 Total £000	2021 Total £000
	Balance at 1 January	3,938	181,284	22,327	207,549
Income	3,499	17,940	2,882	24,321	21,915
Expenditure	(7,354)	(8,818)	(1,251)	(17,423)	(16,358)
Recognised Gains / (Losses)	1,363	-	-	1,363	157
Transfer of funds	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>
	<u>1,446</u>	<u>190,406</u>	<u>23,969</u>	<u>215,821</u>	<u>207,549</u>
Represented by:					
Fixed assets	-	157,853	19,490	177,343	179,679
Current assets	1,447	34,525	4,479	40,451	29,736
Current liabilities	<u>(1)</u>	<u>(1,972)</u>	<u>-</u>	<u>(1,973)</u>	<u>(1,866)</u>
	<u>1,446</u>	<u>190,406</u>	<u>23,969</u>	<u>215,821</u>	<u>207,549</u>

Social Development funds will be used as co-financing for projects in 2023. Institutional Development funds are mainly fixed assets and cash reserves will be used to support AKDN institutions and mostly used in 2023. Social funds are mainly fixed assets and the cash reserves are held to develop these properties as required.

Notes *(continued)*

21 Called up share capital

	2022	2021
	£	£
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

According to the Memorandum of Association the liability of the members is limited. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up, such amount not exceeding £1. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

22 Conduit Funds

In 2022 AKF(UK) acted as a conduit for a number of entities. The amount of funds that passed through AKF(UK) in 2022 was £14,572k. The amount of funds held at the end of the year was £0. These funds were received by AKF(UK) acting as an agent and therefore are not recognised as an asset in these financial statements as they are not within AKF(UK)'s control. Consequently, the receipt and distribution of these funds are not recognised as income or expenditure.

23 Ultimate holding company

The ultimate holding company is Aga Khan Foundation Geneva, which is incorporated in Switzerland (UID - CHE-100.845.311) and beneficially owns one hundred percent of the shares of AKF (UK).

24 Related party transactions and other AKDN agencies

There have been no related party transactions between AKF (UK) and the members of the Council in 2022 (see note 2). Transactions with AKF Geneva and agencies within the Aga Khan Development Network consist of the following:

- costs associated with projects funded by other AKDN agencies (note 11); and
- grants and donations of funding for projects, programmes and other activities supported by AKF (UK) (notes 6, 7 and 8).

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales - Charity number 266518

Accounts

Aga Khan Foundation (United Kingdom)

Report of Council and Financial Statements

31 December 2021

Registered Number 01100897

Registered Charity Number 266518

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Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the Aga Khan Foundation (United Kingdom) (hereinafter “charitable company” or “AKF (UK)”) for the year ended 31 December 2021. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting & Reporting by Charities” in preparing the annual report and financial statements.

Reference and administrative information

Members of the Council

The members of the Council during the year to 31 December 2021 were:

His Highness the Aga Khan
Prince Ayn Mohamed Aga Khan
Prince Rahim Aga Khan
Princess Zahra Aga Khan
Alan Abela
Jane Piacentini-Moore

National Committee

The Council are supported by a National Committee, whose members (who are not directors) at 31 December 2021, were:

Mahmood H. Ahmed	Chairman
Abyd Karmali	Vice Chairman
Salimah Currimbhoy	
Naushad Jivraj	
Faaiza Lalji	
Dr. Gurdofarid Miskinzoda	
Munira Nathoo	
Dr. Nacim Pak-Shiraz	
Shainila Pradhan	

Secretary

Habib Motani

Chief Executive Officer

Dr. Matthew Reed

Senior Management

The members of Senior Management at 31 December 2021, were:

Jasmin Jahanshahi
Christina Jorgensen
Gradleigh Ruderham
Christopher Wilton-Steer

Registered office

3 Cromwell Gardens, London SW7 2HB

Registered auditor

Crowe UK LLP
55 Ludgate Hill, London EC4M 7JW

Bankers

Lloyds Bank plc
39 Threadneedle Street, London EC2R 8AU

Report of the Council *(continued)*

Structure, governance and management

Governing document

Aga Khan Foundation (United Kingdom) is a company limited by guarantee and having share capital, incorporated on 9 March 1973, and registered as a charity, in England and Wales on 4 December 1973. The objects and powers of AKF (UK) were established in its Memorandum of Association and are governed by its Articles of Association.

Appointment

The members of the Council who held office during the financial year and at the date of this report are set out on page 1. As set out in the Articles of Association, the members of the Council (other than His Highness the Aga Khan) are appointed by the holder(s) of a simple majority of the issued shares in the capital of AKF (UK).

The Council are supported by the National Committee for governance and supervision of AKF (UK). The National Committee is appointed by the Council. The names of the members of the National Committee are set out on page 1.

Induction and training

New members of the Council review written materials and undergo an informal orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the objectives and strategies, and the recent financial performance of AKF (UK).

The current members of the Council have acquired in-depth knowledge of the work of AKF (UK) and the Aga Khan Development Network (hereinafter "AKDN") as a whole. The annual international Aga Khan Foundation budget meeting involves the production of comprehensive information, including a progress report on all significant activities, an update on performance against annual budgets and an update on the programmes. Additional information is submitted to the Council regularly throughout the year, to ensure they are kept abreast of key developments. Additional meetings on specific topics of concern to the Council are scheduled on an as-needed basis. This process ensures that the Council are kept abreast of the on-going activities of AKF (UK) and has a strong understanding of the relationships and transactions with related parties of AKF (UK) within the AKDN. In view of this, no additional on-going training for the members of the Council is needed.

The National Committee was re-appointed on 1 September 2020. When new National Committee members are appointed, a formal induction is arranged. New members are briefed about how AKF (UK) engages in its different roles, its objectives and the role of the National Committee to help achieve those objectives. The National Committee comprises members representing a mix of skills including management, accounting, legal and communications.

Organisation

The Council, which can have up to seven members, governs AKF (UK). A Chief Executive Officer (CEO) is appointed by the Council to manage the day-to-day operations of AKF (UK). The Council meets annually, with meetings of its sub-committees throughout the year, and is supported by the National Committee, as stated above, in the governance and supervision of AKF (UK). Day-to-day running and management of AKF (UK) has been delegated by the Council to the CEO who, in addition to reporting to the Council, also reports to the General Manager of the Aga Khan Foundation in Geneva and the National Committee.

The National Committee has established a sub-committee to support the finance and administration of AKF (UK). This sub-committee meets monthly. The skills and experience of this Finance Committee have helped AKF (UK) in achieving its objectives.

As a member of the AKDN, AKF (UK) draws upon the experience of the wider AKDN network. However, it has stand-alone operating policies and procedures.

The CEO and Heads of Departments are considered to be the senior management personnel of AKF (UK). The remuneration of the CEO is recommended to the Council by the General Manager and leadership of the Aga Khan Foundation in Geneva and in consultation with the National Committee. This process includes benchmarking against the UK charities and development sector, benchmarking across AKDN agencies and other international development charities worldwide and consideration of the CEO's depth of experience in the sector and role.

Interests of members of the Council

No member of the Council had, at any time during the year, any interests in any shares of AKF (UK) which would require disclosure within this report.

Report of the Council *(continued)*

Charity Governance Code

The Charity Governance Code was updated in March 2021 and is designed as a tool to support continuous improvement of an organisation's governance. The Council has reviewed the Code and its key principles and is happy that the governance of AKF (UK) is in line with the Code.

Objectives and Activities

Principal activities

AKF (UK) is registered as a charity in England and Wales, is an affiliate of the international Aga Khan Foundation, and is part of the Aga Khan Development Network. The members of the Council confirm that they have had regard to the Charity Commission guidance on public benefit when reviewing and setting AKF (UK)'s aims and objectives. Its principal activities are social development, institutional development and social activities. These activities promote and provide for the advancement of education, health, rural development, the environment and support to civil society.

Fundraising

AKF (UK)'s fundraising activities are substantially directed at government agencies and institutions and not at the general public. Whilst AKF (UK) receives unrestricted income from individuals it does not actively fundraise for this and as such no special measures are required to protect vulnerable people and other members of the public from unreasonable intrusion or behaviour. AKF (UK) organises events to increase awareness of its and the AKDN's activities, and donations are often received following such events. In the context of significant events or initiatives relating to the AKDN or the Ismaili community, supporters sometimes choose to make donations to AKF (UK). In many years individuals enter charity runs or similar events selecting AKF (UK) as their chosen beneficiary. AKF (UK) itself also holds a charity walk and run in some years. AKF (UK) is not registered with the Fundraising Regulator. Any fundraising activities that take place are carried out by AKF (UK) staff or volunteers and no complaints were received relating to them during the year.

Grant-making policy

AKF (UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to a range of development challenges in the fields of education, health, rural development, the environment and civil society, and by supporting these approaches through grants to organisations that share its goals. AKF (UK) does not accept applications for grants, but instead works collaboratively with partner organisations to develop proposals for donors and then acts as the prime agency in making grants to the partner organisations. These partner organisations are primarily agencies of AKDN and organisations selected by those agencies in the field based on common values, approaches, goals and objectives. AKF (UK) works very closely with these grantees in the design, implementation and monitoring of projects. The aim is to create a critical mass of focused and innovative activities, complementing each other within and across sectors, in order to make a significant contribution to social development and improving quality of life.

Social development

The primary role of AKF (UK) in the area of social development is to act as an interface between institutional and private donors on the one hand and the range of projects implemented by AKDN agencies on the other hand. It represents the agencies of AKDN to partner governments and institutions in Europe, the Middle East, and Asia, as well as to multilateral agencies in those regions. Principal activities are the development of long-term, strategic relationships with institutional donors, securing resources for projects implemented by AKDN agencies, managing and reporting on grants, and other associated liaison between institutional donors and implementing agencies. AKF (UK) has established long term relationships with significant partners such as: Asian Development Bank, European Commission (EC), the UK's Foreign, Commonwealth & Development Office (FCDO), German Development Cooperation, the Swiss Development Cooperation, French Development Cooperation, Japan International Cooperation Agency, Children's Investment Fund Foundation, IKEA Foundation, Lego Foundation, Porticus Foundation, Johnson & Johnson (J&J) and various other charities, foundations and government agencies through Memoranda of Understanding, grant contracts, or their equivalent.

Institutional development

In furtherance of AKF (UK)'s educational charitable objectives, AKF (UK) makes high quality educational space and facilities available to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) at the Aga Khan Centre in King's Cross London, the building which houses AKF (UK)'s offices. In addition, AKF (UK)'s nearby Victoria Hall building provides accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

Report of the Council *(continued)*

Strategic Report

Social development achievements and performance

AKF (UK) assesses its performance and impact in the area of social development primarily through annual targets for raising funds, as well as monitoring the spending rates, quality of implementation, and compliance of the projects it supports. In addition, AKF (UK) sets annual targets for proposal development and donor cultivation, grants management, and communications and public affairs. These are reported on a quarterly basis to the Aga Khan Foundation Geneva and to the Chair of the National Committee.

In 2021, AKF (UK) secured 12 grants at a total of £24.5 million to support AKDN and partner programmes primarily in Asia and Africa. The largest grant, for £13.9 million, was secured from the European Commission.

In addition, AKF (UK) helped other AKDN agencies secure significant grants from European donors with whom AKF (UK) has the primary relationship. A further £41.2 million was obtained for these AKDN agencies from a wide range of partners including the EC, the UK, French, German, Norwegian and Swiss Government institutions as well as from foundation and corporate donors. Of particular relevance in 2021, AKF (UK) helped the Aga Khan Foundation in Afghanistan secure £4.2 million in new grants for AKF's Humanitarian Response in Afghanistan.

The Taliban takeover of Afghanistan in mid-August 2021, led to some donors suspending AKF (UK)'s grants in Afghanistan. This is particularly the case for German-funded grants, as well as two grants supported by the European Commission. AKF (UK) carried out a legal review across its entire portfolio in Afghanistan, which concluded that the nature of our work, and the sectors of focus, all meet the definition of humanitarian and basic human needs. As none of them involve support to listed, sanctioned individuals and regular checks are made against these lists, they are therefore fully compliant with all major sanctions regimes against Afghanistan. AKF is intensely engaging with the international donor community to secure funding for AKF's Humanitarian Response Plan. Before the end of 2021 such engagement led to AKF securing new funds around humanitarian support and basic human needs from the Swiss, the Indonesians, Luxembourg (via the PATRIP Foundation) and the World Health Organisation.

Despite the challenges in Afghanistan, 2021 was a year of significant activity and achievement. A few examples include:

- In Afghanistan, since the start of the humanitarian crisis, over 1,200 tonnes of food have been distributed to 2,350 households or 23,500 people in vulnerable communities in the remote northern and central parts of the country. To ensure even distribution across communities, manuals were developed for use by village leaders that provide practical advice for coordinating food distribution.
- The STAGES II and LNGB+ programmes under the Girls Education Challenge in Afghanistan were paused by FCDO in mid-August. STAGES II implementation was complete prior to the pause, and final reporting has been completed since then. Through STAGES II, 23,000 girls had received education assistance. Over 500 government schools were supported, benefiting 210,000 girls overall. Over 7,600 teachers were trained and the project also engaged with community members and parents of the 23,000 girls to ensure a supportive environment for girls to attend school. In 2022, following FCDO approval, the LNGB+ project is in the process of re-starting, with FCDO granting permission for payment of staff and teachers' salaries during the pause. Once re-activated, LNGB+ will continue to provide education opportunities for 5,000 highly marginalised girls living in 230 remote communities, alongside a package of life skills trainings and psychosocial support.
- 2021 was a landmark year for Schools2030, a 10-year partnership between AKF (UK) and a coalition of other private foundations and leaders in international early childhood development and education. These include the following organisations: Dubai Cares, Jacobs Foundation, LEGO Foundation, OAK Foundation, Porticus and others. The programme launched the three-step model with teachers, schools and youth partners across ten countries, supporting educators to assess holistic learning outcomes and environments; to innovate contextually relevant learning practices using human-centred design; and to showcase these holistic learning innovations at district, national and global levels to inform systems-level decision makers in education. This was all done amidst unprecedented challenges for AKF schools and communities, including ongoing waves of COVID-19, lengthy school closures and the humanitarian crisis in Afghanistan. Teams and partners continued to support children and educators in their greatest time of need with flexible, respectful, and sustained support.

Report of the Council *(continued)*

- One of AKF's signature initiatives, "Accelerate Prosperity" (AP), is funded by the European Commission through AKF (UK). It helped create and sustain 1,281 jobs, of which 504 were new jobs, 40% of which were for women and 60% were occupied by young people. 398 entrepreneurs (61% men and 39% women) were supported with business training and advice. 47 businesses were financed under the project, 31 start-ups received seed financing and 16 businesses received growth financing. \$3.3 million of external funding was secured by supported businesses, while \$0.9 million was received through AP financing. In addition, 85 percent of the enterprises AP supports in Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan remained profitable.
- In Madagascar, AKF (UK) started a new 3-year project funded by the European Commission called SANIDA, focusing on improving food security and nutrition through agroecological intensification and diversification. The SANIDA project is part of a wider EU regional (Indian Ocean) programme and is being implemented in three regions in the northern part of the country. It is expected to benefit 60,000 people and will target 10,000 family farms, 50% of which are run by women.

Institutional development achievements and performance

In 2021 AKF (UK) made institutional development grants totalling £5.6m primarily to the Aga Khan Foundation Geneva and the Aga Khan University. AKF (UK) also provided high quality educational space and facilities to The Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) and also provided accommodation for higher education students, many of whom are attending programmes at IIS or ISMC

IIS is a higher education and academic research institute, established in 1977 to promote scholarship and learning about Muslim cultures and societies. IIS aims to contribute to the academic study of the diversity of Islam as a faith and as a civilisation, by addressing intellectual and practical issues both historically and in the present context. IIS offers two Masters level taught programmes. Both programmes of study draw on teaching faculty from its research department as well as visiting scholars from leading national and international academic institutions. IIS' graduate programmes, as well as its range of doctoral scholarships and fellowships, attract students and scholars from across the world.

ISMC was founded in 2002, as an educational and research unit within the international Aga Khan University. ISMC is an inter-disciplinary institute, carrying out internationally recognised scholarship, education and outreach in the humanities and social sciences on Muslim societies and cultures. ISMC promotes scholarship that opens new perspectives on Muslim heritage, modernity, culture, religion, and society. It offers a Masters level taught programme in Muslim Cultures.

Section 172(1) statement

The members of the Council have regular discussions on and are satisfied that all key decisions taken have considered the long-term impact of such decisions and the impact on AKF (UK)'s donors, implementing partners, employees and the communities that we work in and with. AKF (UK) takes great care to ensure its activities are implemented in a collaborative manner and will deliver impactful change in the long-term. Our activities are also aligned to the Charity Governance code.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The members of the Council consider that maintaining collaborative business relationships is a key factor for AKF (UK) in order for us to continue to meet our strategic goals. This is especially true when it comes to our relationships with our grant-giving donors and the implementing partners with whom we work in partnership. AKF (UK) strives to ensure that all decisions taken on our programmes are taken in alignment with the wishes and regulations of those who fund them and taking into consideration the interests of those who are responsible for programme delivery, as we feel this is the most effective and efficient way of achieving lasting change for the communities that we work with.

Report of the Council *(continued)*

Streamlined Energy and Carbon Reporting

In 2021 AKF (UK) used 5,544,437 Kwh of energy (2020 - 5,004,851 Kwh), this equated to a carbon footprint of 720 tonnes CO² (2020 - 756 tonnes CO²). This represents a carbon intensity ratio of 0.27 tonnes CO² per m². UK energy use covers the provision of electricity and heating at the Aga Khan Centre and Victoria Hall, which are both located in the Kings Cross estate. It also includes electricity and gas consumption related to the seventeen social and cultural centres owned by AKF (UK).

There has been an increase in usage of 539,585 kWh from 2020. This has been driven firstly by a greater presence in each of the properties, but also by the addition of five new Jamatkhana which were acquired during the year. Despite the increase in usage, the average emissions per property have reduced as each component of AKF (UK)'s portfolio has sought greener solutions including both the Aga Khan Centre and Victoria Hall transitioning to 100% renewable electricity contracts. Data on energy usage was collected directly from billing information and where available, information collected in kWh was converted at the rate disclosed by the supplier. In the absence of this, emissions were converted using the UK Government's 2021 GHG Conversion Factors.

Financial review

During the year AKF (UK)'s fixed assets decreased by 1% from £180.6m to £179.7m, cash increased by 17% from £35.7m to £41.7m and total reserves increased by 1% from £215.4m to £218.0m. In the opinion of the members of the Council, adequate assets are available to fulfil the obligations of AKF (UK). A summary of the result of AKF (UK)'s activities during the period is given in the Statement of Financial Activities on page 13.

Income

During the year, the total income decreased by 4% to £56.9m (2020: increased by 31% to £59.0m). This was driven principally by a decrease in social and cultural centres due to 2020 being abnormally high due to a large gift in kind donation. In 2021 the social development income was £37.8m (2020: £37.9m).

The majority of social development income is from grants, which decreased by 7% to £31.6m (2020 increase by 35% to £33.8m). Agreements with main funders are on-going and underpin the successful resource mobilisation strategy that has enabled AKF (UK) to secure significant levels of funding for AKDN projects around the world. Maintaining on-going relationships with major donors and establishing new partnerships are critical to AKF (UK)'s success and sustainability. These relationships should ensure the future strength of AKF (UK)'s income for social development purposes against a backdrop of continuing financial austerity among donor institutions. The income recognised in the Statement of Financial Activities represents the proportion of multi-year grants that were recognised in 2021 according to the accounting policies set out in note 1 to the accounts, and so does not correspond to the total value of grants secured and signed in the year.

Expenditure

In 2021, total expenditure increased by 21% to £54.4m (2020: decreased by 22%) as a result of increased expenditure on both social development and institutional development activities.

The most significant expenditure related to social development programmes of which £39.5m (2020: £32.7m) was disbursed during the year, benefiting projects implemented by AKDN institutions around the world. For international programmes supported directly through AKF (UK) in 2021, resources expended contributed to significant efforts in education, early childhood development, agriculture and food security, health and nutrition, civil society, energy and culture. The largest programmes were implemented in Afghanistan, where £13.6m project expenditure was made (2020: £12.3m), in particular on projects funded by FCDO and the EC (note 7).

The other main category of resources expended was institutional development programmes amounting to £14.3m (2020: £10.8m). This mainly consists of funding for the Aga Khan Foundation, Geneva and funding for the Aga Khan University (note 8). The main reason for the increase was that a one-off grant of £3.0m was made to the Aga Khan Foundation, Geneva for various projects funded from donations received in commemoration of the Golden Jubilee of His Highness, the Aga Khan.

The core costs of managing AKF (UK) and administering the resource mobilisation and grants management functions decreased to £1.9m (2020: £2.2m). These core costs are primarily funded by the Aga Khan Foundation Geneva. All donation income is applied to AKF (UK)'s charitable objectives, specifically to programme expenditure on social development and institutional development projects.

Report of the Council *(continued)*

Reserves policy

AKF (UK) requires reserves in order to meet its funding commitments in respect of its joint-funded projects and for the furtherance of its activities. AKF (UK) has established a policy whereby the level of its free reserves (being those funds not tied up in fixed assets and not part of designated funds or restricted funds) should be sufficient to sustain its administrative expenses for at least two months. AKF (UK) considers that the target level of free reserves at 31 December 2021 was £0.3m (2020: £0.4m) and anticipates that the target level of free reserves at 31 December 2022 will be approximately £0.3m. As of 31 December 2021, the total unrestricted general reserve of £0.4m (2020: £0.4m) represented actual free reserves.

AKF (UK) has established a policy whereby the level of its designated reserves for projects should be sufficient to meet commitments on an annual basis. At 31 December 2021, the total balance of designated funds was £207.5m (2020: £201.8m). In order to maintain the level of such reserves, AKF (UK) undertakes events to raise awareness of AKF (UK) which result in support, for example through donations and commitments on a long-term basis.

Designated funds held by AKF (UK) as part of its charitable activities for institutional development purposes totalled £181.3m (2020: £180.6m) of which £160.3m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social purposes totalled £22.3m (2020: £20.2m) of which £19.3m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social development purposes totalled £4.0m (2020: £1.0m) of which £0.0m was represented by fixed assets.

Going concern

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council have considered the implications of COVID-19 on those forecasts and consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Investment policy

The Council has the power to invest in such assets as it sees fit. The Council are supported in the exercise of these powers by the National Committee.

AKF (UK), having regard to its liquidity requirements and reserves policy, has operated a policy of keeping available funds in interest-bearing deposit accounts and seeking to achieve an appropriate rate of deposit interest. The Finance Committee reviews the placements on a regular basis and decides the appropriate placement periods on the basis of available funds and their intended use.

Future plans

In 2022, AKF (UK) will continue to develop a robust project pipeline with AKDN agencies, with emphasis on AKDN's significant and growing initiatives in civil society, culture, education, economic development, energy, health, livelihoods, climate adaptation and disaster preparedness. AKF (UK) will continue to pursue new partnerships and funding opportunities with bi-lateral and multi-lateral donors, especially to deepen its relationships with the European Commission, FCDO, France, Germany, and Switzerland among other potential partners. In recent years, AKF (UK) has established a diversified funding base through new partnerships with foundations and corporations, and this work will continue.

Report of the Council *(continued)*

An even more significant effort will be made to secure funding for AKF's Humanitarian Response in Afghanistan, including a greater focus on engaging the UN system in Afghanistan in order to access some of the significant funding that has been allocated by bilateral and multilateral funders to the UN. In addition, AKF (UK) will explore additional opportunities under discussion with the European Commission, France, Japan, Qatar and the UK, as well as several other donors.

Further in 2022, AKF (UK) will continue to transform our operations to meet the organisation's net zero goal by 2030 and harness AKDN agencies to go beyond net zero to net negative. AKF (UK) will support the countries we work in to do the same.

AKF (UK) works with field units of AKDN to support them in securing grants directly from European, Asian and multi-lateral donors. AKF (UK) has strengthened its London-based team to engage a wider range of partners, represent AKDN in public fora, and support the design and preparation of grant proposals and budgets. AKF (UK) coordinates extensively between field units and donors, requiring extensive communication and travel to the countries where AKDN is active. AKF (UK) also uses funds raised from private donations to match donor funding where there is a match-funding requirement.

AKF (UK) continues to promote awareness of the work of AKF (UK) and AKDN through presentations, events and exhibitions. Subject to restrictions on movement in response to the COVID-19 pandemic, this work is expected to grow in the future.

Principal Risks and Uncertainties

The Council, assisted by AKF (UK)'s National Committee and AKF (UK)'s CEO, assesses the major risks to which AKF (UK) is exposed on an on-going basis. On a monthly basis, the Finance Committee meets and reviews ongoing risks and compliance issues, in particular those related to its operations and finance. The major risks to which AKF (UK) is exposed are:

- Reliance on a small number of sizeable, traditional donors
- The potential impact of the global economic situation, political trends, and security crises on the availability of development funding for regions where AKDN is active
- Compliance violations or donor guidelines that are not adhered to by implementing agencies

The first and second risks are mitigated both by cultivating new donor relationships, diversifying opportunities, widening and deepening current relationships, and sustaining high levels of trust through consistent professional performance. The third risk is mitigated through enhanced communications with and monitoring of implementing partners, independent evaluations, donor assessment of programmes and other key information, strengthening grant agreements and monitoring requirements. AKF Geneva employs internal audits to monitor implementing partners; when necessary these also monitor grant compliance with donor guidelines and are shared with AKF (UK). AKF (UK) is satisfied that appropriate systems are in place to mitigate AKF (UK)'s exposure to major risks.

Statement on COVID-19

At the time of writing, the pandemic has reached a stage of generalised transmission, where levels of vaccination and natural immunity are combining to keep hospitalisation rates relatively low. This has led to a reopening in most countries where AKF (UK) engages and travels. At present:

- All AKF (UK) employees are allowed to return to the office, though most are choosing to work from home
- Social development activities and programmes are now able to proceed with virtually no pandemic disruption. Where possible we are still flexing programme activities to include activities related to COVID-19, or obtaining new funding for specific pandemic response and relief.
- We are not expecting any significant changes in our reserves levels due to COVID-19.

Disclosure of information to auditors

Each of the members of the Council at the date of approval of this Report of the Council and Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which AKF (UK)'s auditor is unaware; and the members of the Council have each taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that AKF (UK)'s auditor is aware of that information.

Report of the Council *(continued)*

Statement of the Council's responsibilities in respect of the Report of the Council and Strategic Report and the financial statements

The members of the Council are responsible for preparing the Report of the Council and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Council and Strategic Report approved by order of the Council

Zahra Aga Khan

Zahra Aga Khan
Member of the Council

Date: *20/07/2022*

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom)

Opinion

We have audited the financial statements of Aga Khan Foundation (United Kingdom) ('the charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheets, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2021 and of the incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- have been prepared in accordance with the requirements of the Company 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 group 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 Council'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 group's or 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 Council with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

the information given in the Report of Council, which includes the directors' report and the strategic 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 Report of the Council 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Report of Council.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of the Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Council's responsibilities

As explained more fully in their statement set out on page 9, the members of the Council (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 controls as the Council determine are 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 members of the Council 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 Council either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and charitable company for fraud. The only other laws and regulations we considered in this context are General Data Protection Regulations, health and safety regulations and employment tax.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, the recognition of grant expenditure, the valuation of the investment property and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on income, grant expenditure and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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, and to the charitable company's members of the Council, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Council 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, the charitable company's members as a body and the charitable company's Council, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
London

Date: 10 August 2022

Statement of Financial Activities, including Income and Expenditure Account
for the year ended 31 December 2021

	Notes	Unrestricted Funds		Restricted Funds	Total 2021	Total 2020
		General Funds	Designated Funds			
		£000	£000	£000	£000	£000
Income from						
Grants, donations and legacies						
Social development programmes	6	-	6,236	31,551	37,787	37,926
Institutional development	6	1,560	10,839	-	12,399	12,096
Social and cultural centres		-	2,543	-	2,543	4,318
Communications and awareness raising		176	-	-	176	235
Core costs		1,709	-	-	1,709	1,977
Rental income		-	2,248	-	2,248	2,374
Investment income		-	8	-	8	50
Other income		-	41	-	41	13
Net gain/(loss) from foreign exchange		-	157	(9)	148	91
Total income		3,445	22,072	31,542	57,059	59,080
Expenditure						
Charitable activities						
Social development programmes	7	1,404	3,432	34,655	39,491	32,664
Institutional development	8	1,815	12,435	-	14,250	10,760
Social and cultural centres		27	491	-	518	1,379
Communications and awareness raising		176	-	-	176	235
Total expenditure		3,422	16,358	34,655	54,435	45,038
Net income / (expenditure) for the year		23	5,714	(3,113)	2,624	14,042
Transfers between funds		-	-	-	-	-
Net expenditure before other recognised gains and losses		23	5,714	(3,113)	2,624	14,042
Net gain/(loss) from investments	10	-	-	-	-	-
Net movement in funds		23	5,714	(3,113)	2,624	14,042
Reconciliation of funds						
Funds brought forward		361	201,835	13,157	215,353	201,311
Total funds carried forward	20	384	207,549	10,044	217,977	215,353

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

The notes on pages 16 to 31 form part of these financial statements.

Balance Sheet
 at 31 December 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	155,179		156,094	
Investments	10	24,500		24,500	
			179,679		180,594
Current assets					
Debtors	11	1,228		934	
Cash at bank and in hand	18	41,729		35,740	
			42,957		36,674
Creditors: amounts falling due within one year	13	(4,659)		(1,915)	
Net current assets			38,298		34,759
Total assets less current liabilities			217,977		215,353
Creditors: amounts falling due after one year			-		-
Net Assets			217,977		215,353
Share capital and reserves					
Called up share capital	21		-		-
Funds:					
Unrestricted funds					
General funds	20		384		361
Designated funds	20		207,549		201,835
Restricted funds	20		10,044		13,157
			217,977		215,353

The financial statements on pages 13 to 31 were approved by the Council and authorised for issue on and were signed on its behalf by:

20 July 2022

Zahra Aga Khan

Zahra Aga Khan

Member of the Council

Cash Flow Statement
for the year ended 31 December 2021

	<i>Notes</i>	2021 £000	2020 £000
Net cash inflow / (outflow) from operating activities	<i>17</i>	6,515	11,586
Cash flows from investing activities			
Interest received		8	50
Payments to acquire fixed assets		(534)	(686)
Increase/(decrease) in cash and cash equivalents	<i>18</i>	5,989	10,950
Net cash at 1 January	<i>18</i>	35,740	24,790
Net cash at 31 December	<i>18</i>	41,729	35,740

The notes on pages 16 to 31 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Principal accounting policies

AKF (UK) is a charitable company limited by guarantee, company registration no 01100897, registered address 3 Cromwell Gardens, London SW7 2HB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to AKF (UK)'s financial statements.

Basis of preparation

The charitable company is considered to be a public benefit entity. The financial statements have been prepared under the historical cost convention and in accordance with the 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 (SORP), the Companies Act 2006 and applicable Accounting Standards, FRS 102.

The members of the Council have prepared the financial statements on a going concern basis with no material uncertainties, which they consider is appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council have considered the implications of COVID-19 on those forecasts and consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of AKF (UK) and which have not been designated for other purposes. Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by AKF (UK) as part of its charitable activities for social purposes. Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to AKF (UK) at the time of the donation. Fixed assets with an acquisition cost of less than £3,000 are not capitalised. Depreciation is provided on all tangible fixed assets (with the exception of land) at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold buildings	1%
Leasehold buildings	1%
Property Improvements	5%
Property fixtures and fittings	15%

Investment properties

Investment properties are carried at fair value supported by external valuers and derived from the current market rents and yields for comparable real estate, adjusted if necessary for differences in nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Operating leases

Rentals applicable to operating leases are included in the Statement of Financial Activities on a straight-line basis over the lease term.

Notes (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the statement of financial activities.

Pension costs

AKF (UK) operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

Income

Grants, donations and legacies receivable are from institutional donors, private donors and AKF Geneva. Donations and legacies are recognised when they become receivable and tax reclaimed on gift aid donations is accounted for in the period of the associated gift. Grants receivable represent those grants where AKF (UK) has signed the contract with the funding agency and accepts responsibility for their application: these are recognised when the grant conditions are met and when AKF (UK) becomes entitled to each instalment of the grant funding. Entitlement to grant income is considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Rental income is receivable from commercial unit tenants and third party property management organisations and are recognised when they become receivable.

Expenditure

Grants made are recorded on a commitment basis when there is a signed agreement or other unconditional commitment made to a grant recipient and all other expenditures are recorded on an accruals basis. Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by AKF (UK). Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by AKF (UK) as part of its charitable activities for social purposes. Expenditure under restricted funds is allocated specifically to the related projects. Support costs are allocated to the relevant charitable activity on the basis of the proportion of employee time spent on each activity.

Accounting estimates and key judgements

In the application of the AKF (UK)'s accounting policies, judgements, estimates and assumptions about the carrying value of assets and liabilities are made. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The key areas of judgement included in the financial statements are summarised below:

- (i) Valuation of investment properties - Investment properties are carried at fair value supported by external valuers as disclosed in note 10.
- (ii) Potential impairment of fixed assets - Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.
- (iii) Depreciation of fixed assets – Fixed assets are depreciated at rates calculated to write off the cost over their expected useful economic lives

2 Members of the Council's emoluments

No emoluments were paid to nor reimbursement of expenses received by the members of the Council for their duties (2020: £0).

Notes (continued)

3 Employee information

	2021	2020
	£000	£000
Salaries and wages	3,292	3,007
Social security costs	357	334
Pension costs	270	241
Other benefits	<u>96</u>	<u>79</u>
	<u>4,015</u>	<u>3,661</u>

Senior Management personnel earned total salary and benefits of £641k (2020: £585k) and pension contributions totalling £52k (2020: £49k). The average number of staff employed by AKF (UK) during the year is:

	2021	2020
	Number	Number
Communication	2	3
Finance and Administration	8	7
Grant administration	18	16
Victoria Hall Management	7	7
Aga Khan Centre Management	7	7
AKDN Programmes	<u>14</u>	<u>13</u>
	<u>56</u>	<u>53</u>

Employees earning above £60,000

	2021	2020
	Number	Number
£60,001 - £70,000	3	1
£70,001 - £80,000	2	2
£80,001 - £90,000	3	3
£90,001 - £100,000	3	2
£100,001 - £110,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£180,001 - £190,000	1	-
£190,001 - £200,000	-	1
£280,001 - £290,000	1	1

Pension contribution totalling £161k were made for these employees during the year (2020: £134k).

4 Expenditure

Expenditure for the year is stated after charging the following costs.

	2021	2020
	£000	£000
Depreciation (note 9)	2,359	3,259
Audit fee – Crowe UK audit of these financial statements	33	32
Audit fee - KPMG	-	(16)
Auditor's remuneration for non-audit services	<u>6</u>	<u>18</u>

The £6k disclosed above for non-audit fees includes fees relates to a VAT review, corporation tax computation and a project audit. The audit fee for the year ending 31 December 2021 was £27,500 excluding VAT.

Notes (continued)

5 Support costs

The support costs of AKF (UK) consist of three cost elements. Support costs are allocated on a basis consistent with the use of resources and the calculation of allocation is determined by the percentage of time spent on each category by the relevant staff.

	Human Resources £000	Office Expenses & Information Technology £000	Travel Expenses £000	Total 2021 £000	Total 2020 £000
Unrestricted funds					
Social development programmes	1,042	342	20	1,404	1,280
Institutional development	195	59	1	255	682
Social and cultural centres	20	6	1	27	40
Communications and awareness raising	<u>133</u>	<u>40</u>	<u>3</u>	<u>176</u>	<u>235</u>
	<u>1,390</u>	<u>447</u>	<u>25</u>	<u>1,862</u>	<u>2,237</u>

6 Grants and donations received

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Social development programmes				
European Commission (including ECHO)	-	11,738	11,738	15,028
UK Foreign, Commonwealth & Development Office (FCDO)	-	8,240	8,240	10,019
Aga Khan Foundation (USA)	5,535	-	5,535	2,896
KfW	-	4,127	4,127	3,063
Swiss Agency for Development and Cooperation (SDC)	-	2,427	2,427	-
Royal Norwegian Ministry of Foreign Affairs	-	1,148	1,148	1,608
The Lego Foundation	-	930	930	216
Jacobs Foundation	-	797	797	672
Vitol Foundation	-	500	500	396
Porticus	-	418	418	186
The Wellspring Foundation	-	400	400	480
German Federal Foreign Office	-	281	281	309
Johnson & Johnson	-	-	-	1,617
Other Donations	701	545	1,246	1,436
	<u>6,236</u>	<u>31,551</u>	<u>37,787</u>	<u>37,926</u>
Institutional development				
Donations in commemoration of His Highness' Diamond Jubilee	3,527	-	3,527	3,895
Donations designated to the Aga Khan University	1,887	-	1,887	1,765
Donations designated to Kings Cross operational costs	1,056	-	1,056	967
Donations designated to the Aga Khan Schools	412	-	412	20
Donations designated to The Institute of Ismaili Studies	199	-	199	237
Other Donations	5,318	-	5,318	5,212
	<u>12,399</u>	<u>-</u>	<u>12,399</u>	<u>12,096</u>

Notes (continued)

7 Expenditure on social development programmes

The following tables show grants paid to institutions by country

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Afghanistan				
FCDO GEC - STAGES II - Aga Khan Foundation, Afghanistan	-	4,632	4,632	8,152
EC Strengthening COVID-19 Response in Afghanistan - Aga Khan Foundation, Afghanistan	-	4,464	4,464	-
FCDO - Leave No Girl Behind - Aga Khan Foundation, Afghanistan	-	2,176	2,176	955
EC Improve Participatory Management and Efficiency of Rangelands and Watersheds - Aga Khan Foundation, Afghanistan	-	1,956	1,956	2,468
Girls and Science - Aga Khan Foundation, Afghanistan	-	180	180	92
Improving Educational Opportunities in the Cross-Border Areas - Aga Khan Foundation, Afghanistan	-	99	99	-
Forest Restoration to Enhance Ecosystem Services in Afghanistan - Aga Khan Foundation, Afghanistan	48	-	48	-
Schools 2030 Phase II - Aga Khan Foundation, Afghanistan	-	32	32	-
Schools 2030 - Aga Khan Foundation, Afghanistan	-	-	-	254
Afghanistan Quality Learning - Aga Khan Foundation, Afghanistan	-	-	-	239
Australia Afghanistan Community Resilience Scheme - Aga Khan Foundation, Afghanistan	-	-	-	160
Preservation of Endangered Languages in Afghanistan's Badakhshan - Aga Khan Foundation, Afghanistan	(10)	-	(10)	11
Total for Afghanistan programmes	38	13,539	13,577	12,331
Egypt				
EC Improving Local Development Dynamics in Aswan - Aga Khan Foundation, Egypt	65	-	65	-
Creating Access to Cairo's Islamic Cultural Heritage - Aga Khan Cultural Services, Egypt	25	10	35	305
Women in Agriculture - Aga Khan Foundation, Egypt	-	-	-	5
Strengthening the Capacity and Role of Civil Society Organisations in Egypt (SCR-CSO) - Aga Khan Foundation, Egypt	-	-	-	4
Total for Egypt programmes	90	10	100	314

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Cross-Border				
Supporting Cooperation and Opportunities for Regional Economic Development (SCORED) - Aga Khan Foundation Afghanistan, Aga Khan Foundation Tajikistan, AP Tajikistan and Mountain Societies Development Support Programme	473	3,315	3,788	1,281
Shugnan VI Energy Cross Border Project Phase I - Pamir Energy	-	3,449	3,449	3,624
Batken-Sughd Cross-Border Development Project - Aga Khan Foundation, Kyrgyz Republic and Aga Khan Foundation Tajikistan	26	334	360	250
Shugnan VII Cross-Border Energy Project - Pamir Energy	-	264	264	69
Establishment of a fibre processing unit with dehairing and storage in cross-border areas - Aga Khan Foundation, Tajikistan	-	251	251	186
All-weather access road for cross-border tourism areas - Aga Khan Foundation, Pakistan	-	211	211	101
Improved Governance of the Natural Park in the Wakhan Corridor - Aga Khan Foundation, Pakistan and Aga Khan Agency for Habitat, Afghanistan	-	208	208	-
Improved Road Infrastructure and Market Access in Immit Valley - Aga Khan Foundation, Pakistan and Aga Khan Agency for Habitat, Afghanistan	-	151	151	72
Kwahan Integrated Development - Aga Khan Foundation, Afghanistan	-	110	110	-
Promoting Access to Educational Institutions in the Cross-Border Districts - Aga Khan Foundation, Afghanistan	-	87	87	236
Cross-Border Commission Integrated Infrastructure - Aga Khan Foundation, Afghanistan	-	-	-	365
Rushan I Cross Border Energy Project - Pamir Energy	-	-	-	214
Cross Border School Building Construction - Aga Khan Foundation, Afghanistan	-	-	-	148
Total for Cross-Border programmes	499	8,380	8,879	6,546

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
East Africa				
EC AKDN Regional Eastern Africa COVID-19 Response Partnership - Aga Khan Foundation, East Africa	-	3,346	3,346	-
Schools 2030 - Aga Khan Foundation, East Africa	21	660	681	526
AKU-SONAM Nursing Scholarships - Aga Khan University, East Africa	-	466	466	-
In Their Hands - Aga Khan Foundation, East Africa	350	-	350	34
Enhancing the Competitiveness of Smallholder Rice Farmers in Morogoro - Aga Khan Foundation, East Africa	127	-	127	282
Madrasa Resource Centre and Early Childhood Development in East Africa - Aga Khan Foundation, East Africa	-	99	99	-
Play our Part Initiative - Aga Khan Foundation, East Africa	-	84	84	-
Linking Community-based Saving Groups to Formal Financial Services in the West Nile region of Northern Uganda - AKF Uganda	18	28	46	18
Strengthening Resilience of Frontline Health Workers - Aga Khan University	-	32	32	152
Oncology - Comprehensive Cancer Project - Aga Khan Health Services, Tanzania	-	-	-	616
Nursing and Midwifery Platform - Aga Khan University	-	-	-	476
Horticultural Value Chain Development - Aga Khan Foundation, East Africa and Tanzania Horticultural Association	-	-	-	80
Kenya Global Opportunity Youth Initiative (GOYI) - Aga Khan Foundation, East Africa	-	-	-	56
Improving Social and Economic Opportunities for Youth in Northern Kenya - Aga Khan Foundation, East Africa and Islamic Relief Kenya	-	-	-	21
Total for East Africa programmes	516	4,715	5,231	2,261

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
India				
Hygiene & Behaviour Change Coalition for COVID-19 control - Aga Khan Foundation, India	-	585	585	288
Supporting Local Authorities for Accountable, Responsive and Transparent Systems for Solid Waste Management - Aga Khan Foundation, India and Gram Swarajya Samiti Ghose (GSSG)	-	162	162	7
Establishment of COVID 19 testing facilities - Prince Aly Khan Hospital, Mumbai	-	98	98	80
Improving Water and Sanitation Infrastructure and Hygiene Education in 20 Schools of Bihar and Uttar Pradesh - Aga Khan Foundation, India	-	11	11	44
Strengthening the AKF Lehar Programme - Aga Khan Foundation, India	-	3	3	19
Schools 2030 - Aga Khan Foundation, India	-	3	3	-
Strengthening New Pathways for Youth Education, Empowerment and Employment in India and Kenya - Aga Khan Foundation, India	-	-	-	327
Total for India programmes	-	862	862	765
Kyrgyz Republic				
Schools 2030 - Aga Khan Foundation, Kyrgyz Republic	-	113	113	170
Economic Recovery Kyrgyzstan COVID-19 - Aga Khan Foundation, Kyrgyz Republic	-	67	67	-
EC Strengthening civil society organisations' and youth's participation in local socio-economic development - Mountain Societies Development Support Programme, Kyrgyz Republic	43	-	43	-
Integrated Rural Development Programme - Mountain Societies Development Support Programme, Kyrgyz Republic	19	-	19	-
Accelerate Prosperity in Central and South Asia - Mountain Societies Development Support Programme, Kyrgyz Republic	-	-	-	192
Sustainable Winter Tourism Development Project (Phase I) - Aga Khan Foundation, Kyrgyz Republic	-	-	-	16
Total for Kyrgyz Republic programmes	62	180	242	378
Madagascar				
Madagascar Innovations Leverage for Climate Adaptation (MILCA) - Aga Khan Foundation, Madagascar	150	(78)	72	299
SPEEDRICE: "Scaling-up, Promoting and Expanding Effortless Direct-seeding RICE permaculture" - Aga Khan Foundation, Madagascar	-	35	35	-
Total for Madagascar programmes	150	(43)	107	299

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Mali				
Partenariat pour le Renforcement de la Résilience à l'Insécurité Alimentaire et Nutritionnelle au Nord Mali (PRIAN) - Aga Khan Foundation, Mali	-	-	-	59
Total for Mali programmes	-	-	-	59
Mozambique				
Strengthening Social Cohesion and Resilience to Radicalization in Cabo Delgado - Aga Khan Foundation, Mozambique	-	325	325	629
JUNTOS III - Aga Khan Foundation, Mozambique	72	1	73	107
Total for Mozambique programmes	72	326	398	736
Pakistan				
Critical Preparedness, Readiness and Response Actions for Coronavirus Disease (COVID-19) Pandemic in Gilgit-Baltistan and Chitral - Aga Khan Foundation, Pakistan	-	1,505	1,505	1,612
Schools 2030 - Aga Khan Foundation, Pakistan	-	18	18	193
Accelerate Prosperity in Central and South Asia - Aga Khan Rural Support Programme, Pakistan	-	-	-	840
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) - Aga Khan Foundation, Pakistan	-	-	-	602
Strengthening Preparedness, Readiness and Response Actions for Covid-19 - Aga Khan Foundation, Pakistan	-	-	-	72
Total for Pakistan programmes	-	1,523	1,523	3,319
Portugal				
Capacity Building of Senior Caregivers - Aga Khan Foundation, Portugal	-	182	182	-
Schools 2030 - Aga Khan Foundation, Portugal	-	39	39	231
EC Social Impact Bonds Literacy Programme - Aga Khan Foundation, Portugal	12	-	12	-
Total for Portugal programmes	12	221	233	231
Switzerland				
Schools 2030 - Aga Khan Foundation, Geneva	-	-	-	84
Total for Switzerland programmes	-	-	-	84

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Syria				
Salamieh District Multi-Sectoral Humanitarian Assistance (MSHA) - Aga Khan Foundation, Syria	-	367	367	-
Total for Syria programmes	-	367	367	-
Tajikistan				
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation, Tajikistan & University of Central Asia, Tajikistan	928	2,087	3,015	105
Integrated Health and Habitat Improvement (IHHI) Rasht - Aga Khan Foundation, Tajikistan	613	-	613	417
Economic Recovery Tajikistan COVID-19 - Aga Khan Foundation, Tajikistan	-	336	336	-
Critical Infrastructure to Contribute to Stability and Peace in Khorog - Aga Khan Foundation, Tajikistan	-	297	297	1,170
Schools 2030 - Aga Khan Foundation, Tajikistan	-	113	113	229
Improving livelihoods and food security through sustainable Natural Resource Management - Mountain Societies Development Support Programme Tajikistan, ACTED, Non-Commercial Cooperative Sarob and CAMP Kuhiston	57	-	57	158
Safe Drinking Water and Sanitation Management in Tajikistan (SWSMT) - Aga Khan Foundation, Tajikistan	49	-	49	71
Supporting Accelerated Growth for Entrepreneurship (SAGE) - Aga Khan Foundation, Tajikistan	43	-	43	49
Shugnon Health Care Center - Aga Khan Foundation, Tajikistan	16	-	16	15
Rushon Health Care Center - Aga Khan Foundation, Tajikistan	13	-	13	15
Darvoz Health Care Center - Aga Khan Foundation, Tajikistan	13	-	13	15
Khorog Rehabilitation Youth Centre - Aga Khan Foundation, Tajikistan	9	-	9	9
Total for Tajikistan programmes	1,741	2,833	4,574	2,253
United Kingdom				
Schools 2030 - Vera Solutions, Idara-i-Talim-o-Aagahi Public Trust, Eklavya Foundation, Right to Play International, University of California, Berkeley, Nazarbayev University, HundrEd & Oxford MeasurEd	41	294	335	15
Disaster Risk Insurance Phase 2 - Global Parametrics & Aga Khan Agency for Habitat	-	171	171	-
Development of Earthquake model - Global Parametrics	-	-	-	42
Total for United Kingdom programmes	41	465	506	57
Total Grants made for social development	3,221	33,378	36,599	29,633
Non-Grant Expenditure	1,615	1,277	2,892	3,031
Total Expenditure for social development	4,836	34,655	39,491	32,664

Notes (continued)

8 Expenditure on institutional development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Aga Khan Foundation Geneva, various projects	2,958	-	2,958	-
Aga Khan University Foundation various projects	2,016	-	2,016	1,836
The Institute of Ismaili Studies for their educational programmes	230	-	230	1,142
Aga Khan Academies for their educational programmes	416	-	416	17
Aga Khan Agency for Habitat programmes	1	-	1	-
Total Grants made for institutional development	5,621	-	5,621	2,995
Non-Grant Expenditure	8,629	-	8,629	7,765
Total Expenditure for institutional development	14,250	-	14,250	10,760

9 Tangible fixed assets

	Freehold Land & Buildings £000	Long Leasehold Land & Buildings £000	Property Improvements £000	Property Fixture and fittings £000	Assets Under Construction £000	Total £000
Cost						
At 1 January 2021	34,052	133,935	1,418	10,890	14	180,309
Additions	910	-	110	31	393	1,444
Disposals	-	-	-	-	-	-
At 31 December 2021	34,962	133,935	1,528	10,921	407	181,753
Depreciation						
At 1 January 2021	16,555	1,266	1,275	5,119	-	24,215
Charge for the year	(238)	1,010	13	1,574	-	2,359
Disposals	-	-	-	-	-	-
At 31 December 2021	16,317	2,276	1,288	6,693	-	26,574
Net book value						
At 31 December 2021	18,645	131,659	240	4,228	407	155,179
At 31 December 2020	17,497	132,669	143	5,771	14	156,094

All assets are held for charitable purposes. Freehold buildings has negative depreciation for the year due to the realignment of residual values across the property portfolio.

Notes *(continued)*

10 Investments

Investment in shares

AKF (UK) owns one ordinary share of £1 (1% of the issued and paid up share capital) in The Institute of Ismaili Studies (2020: £1), which is incorporated in England.

Investment in property

Investment property comprises Fenman House in the Kings Cross estate that is leased to a third party. Changes in fair values are recognised as investment gains or losses in the Statement of Financial Activities.

The historical cost of this property was £20.6m and the most current valuation was carried out in May 2021 by a MRICS independent valuer of Knight Frank LLP. When arriving at their valuation, they considered sales from within the King's Cross Estate in order to compare recent sales data. The independent valuation, recent market data and recent market trends have all been taken into account by the Council in their decision to keep the balance sheet value at £24.5m

	2021	2020
	£000	£000
Balance at 1 January	24,500	24,500
Acquisitions	-	-
Change in Fair Value	-	-
	<hr/>	<hr/>
Balance at 31 December	24,500	24,500
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	2021	2020
	£000	£000
Prepayments and accrued income	799	555
Debtors with other AKDN Agencies	379	370
Other debtors	50	9
	<hr/>	<hr/>
	1,228	934
	<hr/> <hr/>	<hr/> <hr/>

Debtors with other AKDN Agencies includes £350k with AKF Geneva (2020: £76k), £0k with Aga Khan Academies (2020: £129k), £0k with Aga Khan Education Services (2020: £66k), £0k with AKDN (2020: £98k) and £29k with Aga Khan Health Services (2020: £0k).

Notes (continued)

12 Lease commitments as a lessor

AKF (UK) has three operating lease contracts in place. The first relates to Fenman House in the Kings Cross estate that is leased to a third party. The lease is for 4 years until 31 January 2023 with annual rents indexed to RPI.

In addition, there are contracts in place for two commercial units, the first in Aga Khan Centre and the second in Victoria Hall. The unit in Aga Khan Centre is leased to a third party and the contract runs until 28th September 2039. The unit at Victoria Hall is leased to a separate third party and runs until the 3rd September 2037. AKF (UK) has future minimum lease payments under non-cancellable operating leases for each of the following periods

	2021 £000	2020 £000
Receivable in less than 1 year	974	821
Receivable between 1 and 5 years	1,606	1,822
Receivable in greater than 5 years	240	664
	<u>2,820</u>	<u>3,307</u>

13 Creditors

	2021 £000	2020 £000
Amounts falling due within one year		
Accruals and deferred income	2,930	1,385
Grants Payable	1,247	330
Trade creditors	289	47
Payroll taxes	109	106
Other creditors	84	47
	<u>4,659</u>	<u>1,915</u>

Grants payable (all falling due within one year)

	£000
As at 1 January	330
Grants committed in the year	35,969
Grants paid in the year	(35,052)
	<u>1,247</u>
As at 31 December	<u>1,247</u>

Deferred income

	£000
As at 1 January	831
Amounts released to income	(831)
Amounts due within one year	1,534
	<u>1,534</u>
As at 31 December	<u>1,534</u>

Income has been deferred where it has been received in advance of contractual obligations with regards to rental income and grant income. All deferred income carried forward is released in the subsequent period.

Notes *(continued)*

14 Future grant commitments

Future grant commitments related to work carried out by AKF(UK)'s implementing partners amount to £47,957,712. These represent grant agreements signed before 1st January 2022 for payment in future years. All commitments are funded by institutional grants, are made in connection with institutional grants for the programmes referred to in Note 6 and there are no performance-related conditions attached to these commitments.

15 Taxation

AKF (UK) is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

16 Pension scheme

AKF (UK) operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by AKF (UK) to the scheme and amounted to £270k (2020: £264k), £39k was payable at 31 December 2021 (2020: £34k).

17 Reconciliation of net income to net cash inflow from operating activities

	2021 £000	2020 £000
Net movement in funds	2,624	14,042
Depreciation on tangible fixed assets	2,359	3,259
(Gain) / Loss on Investment	-	-
Gift in kind donations capitalised	(910)	(3,742)
Interest receivable	(8)	(50)
(Increase) / decrease in debtors	(294)	(35)
Increase / (decrease) in creditors	2,744	(1,888)
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	6,515	11,586
	<hr/> <hr/>	<hr/> <hr/>

18 Cash and cash equivalents

	2021 £000	2020 £000
Changes in the year		
At 1 January	35,740	24,790
Net cash inflow/(outflow)	5,989	10,950
	<hr/>	<hr/>
At 31 December	41,729	35,740
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Capital commitments

Conditional capital commitments

There were no material capital commitments as at 31 December 2021.

20 Reconciliation of funds

	Unrestricted Funds			2021 Total £000	2020 Total £000
	General Funds £000	Designated Funds £000	Restricted Funds £000		
Balance at 1 January	361	201,835	13,157	215,353	201,311
Income	3,445	21,915	31,551	56,911	58,989
Expenditure	(3,422)	(16,358)	(34,655)	(54,435)	(45,038)
Recognised Gains / (Losses)	-	157	(9)	148	91
Balance at 31 December	<u>384</u>	<u>207,549</u>	<u>10,044</u>	<u>217,977</u>	<u>215,353</u>
Represented by:					
Fixed assets	-	179,679	-	179,679	180,594
Current assets	674	29,736	12,547	42,957	36,674
Current liabilities	(290)	(1,866)	(2,503)	(4,659)	(1,915)
	<u>384</u>	<u>207,549</u>	<u>10,044</u>	<u>217,977</u>	<u>215,353</u>

General funds are held to provide cashflow reserves and working capital. Restricted funds relate to social development projects and will be spent in 2022. Designated funds represent funds earmarked by the Council for the following purposes:

Designated Funds	Social Development £000	Institutional Development £000	Social £000	2021 Total £000	2020 Total £000
	Balance at 1 January	983	180,612	20,240	201,835
Income	6,239	13,098	2,578	21,915	21,885
Expenditure	(3,432)	(12,435)	(491)	(16,358)	(15,640)
Recognised Gains / (Loses)	157	-	-	157	91
Transfer of funds	(9)	9	-	-	-
	<u>3,938</u>	<u>181,284</u>	<u>22,327</u>	<u>207,549</u>	<u>201,835</u>
Represented by:					
Fixed assets	-	160,333	19,346	179,679	180,594
Current assets	3,938	22,745	3,053	29,736	22,341
Current liabilities	-	(1,794)	(72)	(1,866)	(1,100)
	<u>3,938</u>	<u>181,284</u>	<u>22,327</u>	<u>207,549</u>	<u>201,835</u>

Social Development funds will be used as co-financing for projects in 2022. Institutional Development funds are mainly fixed assets and cash reserves will be used to support AKDN institutions and mostly used in 2022. Social funds are mainly fixed assets and the cash reserves are held to develop these properties as required.

Notes *(continued)*

21 Called up share capital

	2021	2020
	£	£
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

According to the Memorandum of Association the liability of the members is limited. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up, such amount not exceeding £1. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

22 Ultimate holding company

The ultimate holding company is regarded by the members of the Council as being Aga Khan Foundation Geneva, which is incorporated in Switzerland (UID - CHE-100.845.311) and beneficially owns one hundred percent of the shares of AKF (UK).

23 Related party transactions and other AKDN agencies

There have been no related party transactions between AKF (UK) and the members of the Council in 2021 (see note 2). Transactions with AKF Geneva and agencies within the Aga Khan Development Network consist of the following:

- costs associated with projects funded by other AKDN agencies (note 11); and
- grants and donations of funding for projects, programmes and other activities supported by AKF (UK) (notes 6, 7 and 8).

AGA KHAN FOUNDATION (UNITED KINGDOM)

England & Wales - Charity number 266518

Accounts

Aga Khan Foundation (United Kingdom)

Report of Council and Financial Statements

31 December 2020

Registered Number 01100897

Registered Charity Number 266518

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Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the Aga Khan Foundation (United Kingdom) (hereinafter “charitable company” or “AKF (UK)”) for the year ended 31 December 2020. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting & Reporting by Charities” in preparing the annual report and financial statements.

Reference and administrative information

Members of the Council

The members of the Council during the year to 31 December 2020 were:

His Highness the Aga Khan
Prince Ayn Mohamed Aga Khan
Prince Rahim Aga Khan
Princess Zahra Aga Khan
Alan Abela
Jane Piacentini-Moore

National Committee

The Council are supported by a National Committee, whose members (who are not directors) at 31 December 2020, were:

Mahmood H. Ahmed	Chairman
Abyd Karmali	Vice Chairman
Salimah Currimbhoy	
Naushad Jivraj	
Faaiza Lalji	
Dr. Gurdofarid Miskinzoda	
Munira Nathoo	
Dr. Nacim Pak-Shiraz	
Shainila Pradhan	

Secretary

Habib Motani

Chief Executive Officer

Dr. Matthew Reed

Senior Management

The members of Senior Management at 31 December 2020, were:

Jasmin Jahanshahi
Christina Jorgensen
Gradleigh Ruderham
Christopher Wilton-Steer

Registered office

3 Cromwell Gardens, London SW7 2HB

Registered auditor

Crowe UK LLP
55 Ludgate Hill, London EC4M 7JW

Bankers

Lloyds Bank plc
39 Threadneedle Street, London EC2R 8AU

Report of the Council *(continued)*

Structure, governance and management

Governing document

Aga Khan Foundation (United Kingdom) is a company limited by guarantee and having share capital, incorporated on 9 March 1973, and registered as a charity, in England and Wales on 4 December 1973. The objects and powers of AKF (UK) were established in its Memorandum of Association and are governed by its Articles of Association.

Appointment

The members of the Council who held office during the financial year and at the date of this report are set out on page 1. As set out in the Articles of Association, the members of the Council (other than His Highness the Aga Khan) are appointed by the holder(s) of a simple majority of the issued shares in the capital of AKF (UK).

The Council are supported by the National Committee for governance and supervision of AKF (UK). The National Committee is appointed by the Council. The names of the members of the National Committee are set out on page 1.

Induction and training

New members of the Council review written materials and undergo an informal orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the objectives and strategies, and the recent financial performance of AKF (UK).

The current members of the Council have acquired in-depth knowledge of the work of AKF (UK) and the Aga Khan Development Network (hereinafter "AKDN") as a whole. The annual international Aga Khan Foundation budget meeting involves the production of comprehensive information, including a progress report on all significant activities, an update on performance against annual budgets and an update on the programmes. Additional information is submitted to the Council regularly throughout the year, to ensure they are kept abreast of key developments. Additional meetings on specific topics of concern to the Council are scheduled on an as-needed basis. This process ensures that the Council are kept abreast of the on-going activities of AKF (UK) and has a strong understanding of the relationships and transactions with related parties of AKF (UK) within the AKDN. In view of this, no additional on-going training for the members of the Council is needed.

The National Committee was re-appointed on 1 September 2020. When new National Committee members are appointed, a formal induction is arranged. New members are briefed about how AKF (UK) engages in its different roles, the objectives and expectations of AKF (UK) and the role of the National Committee to help achieve those objectives. The National Committee comprises members from different walks of life and represents a mix of skills including management, accounting, legal and communications.

Organisation

The Council, which can have up to seven members, governs AKF (UK). A Chief Executive Officer (CEO) is appointed by the Council to manage the day-to-day operations of AKF (UK). The Council meets annually, with meetings of its sub-committees throughout the year, and is supported by the National Committee, as stated above, in the governance and supervision of AKF (UK). Day-to-day running and management of AKF (UK) has been delegated by the Council to the CEO who, in addition to reporting to the Council, also reports to the General Manager of the Aga Khan Foundation in Geneva and the National Committee.

The National Committee has established a sub-committee to support the finance and administration of AKF (UK). This sub-committee meets monthly. The skills and experience of this Finance Committee have helped AKF (UK) in achieving its objectives.

As a member of the AKDN, AKF (UK) draws upon the experience of the wider AKDN network. However, it has stand-alone operating policies and procedures.

The CEO and Heads of Departments are considered to be the senior management personnel of AKF (UK). The remuneration of the CEO is recommended to the Council by the General Manager and leadership of the Aga Khan Foundation in Geneva and in consultation with the National Committee. This process includes benchmarking against the UK charities and development sector, benchmarking across AKDN agencies and other international development charities worldwide and consideration of the CEO's depth of experience in the sector and role.

Report of the Council *(continued)*

Interests of members of the Council

No member of the Council had, at any time during the year, any interests in any shares of AKF (UK) which would require disclosure within this report.

Objectives and Activities

Principal activities

AKF (UK) is registered as a charity in England and Wales, is an affiliate of the international Aga Khan Foundation, and is part of the Aga Khan Development Network. The members of the Council confirm that they have had regard to the Charity Commission guidance on public benefit when reviewing and setting AKF (UK)'s aims and objectives. Its principal activities are social development, institutional development and social activities. These activities promote and provide for the advancement of education, health, rural development, the environment and support to civil society.

Fundraising

AKF (UK)'s fundraising activities are substantially directed at government agencies and institutions and not at the general public. Whilst AKF (UK) receives unrestricted income from individuals it does not actively fundraise for this and as such no special measures are required to protect vulnerable people and other members of the public from unreasonable intrusion or behaviour. AKF (UK) organises events to increase awareness of its and the AKDN's activities, and donations are often received following such events. In the context of significant events or initiatives relating to the AKDN or the Ismaili community, supporters sometimes choose to make donations to AKF (UK). In many years individuals enter charity runs or similar events selecting AKF (UK) as their chosen beneficiary. AKF (UK) itself also holds a charity walk and run in some years. AKF (UK) is not registered with the Fundraising Regulator. Any fundraising activities that take place are carried out by AKF (UK) staff or volunteers and no complaints were received relating to them during the year.

Grant-making policy

AKF (UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to a range of development challenges in the fields of education, health, rural development, the environment and civil society, and by supporting these approaches through grants to organisations that share its goals. AKF (UK) does not accept applications for grants, but instead works collaboratively with partner organisations to develop proposals for donors and then acts as the prime agency in making grants to the partner organisations. These partner organisations are primarily agencies of AKDN and organisations selected by those agencies in the field based on common values, approaches, goals and objectives. AKF (UK) works very closely with these grantees in the design, implementation and monitoring of projects. The aim is to create a critical mass of focused and innovative activities, complementing each other within and across sectors, in order to make a significant contribution to social development and improving quality of life.

Social development

The primary role of AKF (UK) in the area of social development is to act as an interface between institutional and private donors on the one hand and the range of projects implemented by AKDN agencies on the other hand. It represents the agencies of AKDN to partner governments and institutions in Europe, the Middle East, and Asia, as well as to multilateral agencies in those regions. Principal activities are the development of long-term, strategic relationships with institutional donors, securing resources for projects implemented by AKDN agencies, managing and reporting on grants, and other associated liaison between institutional donors and implementing agencies. AKF (UK) has established long term relationships with significant partners such as: Asian Development Bank, European Commission (EC), the UK's Foreign, Commonwealth & Development Office (FCDO), German Development Cooperation, French Development Cooperation, the Norwegian Government, Japan International Cooperation Agency, Johnson & Johnson (J&J) and various other charities, foundations and government agencies through Memoranda of Understanding, grant contracts, or their equivalent.

Institutional development

In furtherance of AKF (UK)'s educational charitable objectives, AKF (UK) makes high quality educational space and facilities available to the Institute of Ismaili Studies (IIS) and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) at the Aga Khan Centre in King's Cross London, the building which houses AKF (UK)'s offices. In addition, AKF (UK)'s nearby Victoria Hall building provides accommodation for higher education students, many of whom are attending programmes at IIS or ISMC.

Report of the Council *(continued)*

Strategic Report

Social development achievements and performance

AKF (UK) assesses its performance and impact in the area of social development primarily through annual targets for raising funds, as well as monitoring the spending rates, quality of implementation, and compliance of the projects it supports. In addition, AKF (UK) sets annual targets for proposal development and donor cultivation, grants management, and communications and public affairs. These are reported on a quarterly basis to the Aga Khan Foundation Geneva and to the Chair of the National Committee.

In 2020, AKF (UK) secured 20 grants at a total of £33.8 million to support AKDN and partner programmes primarily in Asia and Africa. The largest grant, for £8.4 million, was secured from the European Commission.

In addition, AKF (UK) helped other AKDN agencies secure significant grants from European donors with whom AKF (UK) has the primary relationship. A further £46.2 million was obtained for these AKDN agencies from a wide range of partners including the EC, the UK, French, German, Norwegian and Swiss Government institutions as well as from foundation and corporate donors. Of particular relevance in 2020, AKF (UK) helped the wider Aga Khan Foundation secure £51 million for its pandemic relief efforts, including £36.3 million in new grants for pandemic-related work.

Despite the disruption of the pandemic on the communities that AKF serves, 2020 was a year of significant activity and achievement. A few examples include:

- In Afghanistan, 23,000 girls continued to receive education assistance through the FCDO-supported STAGES programme under the Girls Education Challenge. Over 500 government schools have been supported to date, benefiting 210,000 girls overall. Over 7,600 teachers have been trained and the project has also engaged with community members and parents of the 23,000 girls to ensure a supportive environment for girls to attend school. During the pandemic, the project pivoted to support these girls by providing home-learning materials for all 23,000 girls; remote training and support to teachers; distribution of hygiene products and protective equipment to schools and communities; additional well-being activities to support the large number who reported anxiety or depression while under lockdown.
- One of AKF's signature new initiatives, "Accelerate Prosperity" (AP) which is funded by the European Commission through AKF (UK), helped support 47 new enterprises and create 489 new jobs, almost half of which were for women. This brings to total number of new enterprises created to 132. 70 percent of the enterprises AP supports in Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan remained profitable despite the pandemic and 95% valued the assistance that AP provided them during this year of disruption.
- Planning for significant cross-border infrastructure projects in Afghanistan and Tajikistan advanced, with detailed design work completed for a cross-border bridge and additional energy transmission lines. Construction was initiated for the energy components and is expected to commence on the bridge in 2021. 33 students received training in electrical engineering or infrastructure management to help advance and maintain these projects.
- AKF (UK) launched a new 10-year partnership called Schools2030 with a coalition of other private foundations and leaders in international early childhood development and education. These included organisations like Dubai Cares, IKEA, Jacobs, LEGO, and Porticus, among others. Schools2030 will identify and support 1000 innovative schools and communities from the global south that demonstrate new strategies to improve holistic learning outcomes for marginalized children and youth. The coalition will also generate actionable evidence about 'how' school actors can improve lifelong education by tracking the learning progression of children and young people in relationship to school-based solutions. Even as it finalised its design phase, the project started working with its network of 1000 schools to address the educational disruption of the pandemic.

Report of the Council *(continued)*

Institutional development achievements and performance

In 2020 AKF(UK) made institutional development grants totalling £3.0m primarily to the Institute of Ismaili Studies (IIS) and the Aga Khan University. AKF(UK) provided high quality educational space and facilities to IIS and the Aga Khan University-Institute for the Study of Muslim Civilisations (ISMC) and also provided accommodation for higher education students, many of whom are attending programmes at IIS or ISMC

IIS is a higher education and academic research institute, established in 1977 to promote scholarship and learning about Muslim cultures and societies. IIS aims to contribute to the academic study of the diversity of Islam as a faith and as a civilisation, by addressing intellectual and practical issues both historically and in the present context. IIS offers two Masters level taught programmes. Both programmes of study draw on teaching faculty from its research department as well as visiting scholars from leading national and international academic institutions. IIS' graduate programmes, as well as its range of doctoral scholarships and fellowships, attract students and scholars from across the world.

ISMC was founded in 2002, as an educational and research unit within the international Aga Khan University. ISMC is an inter-disciplinary institute, carrying out internationally recognised scholarship, education and outreach in the humanities and social sciences on Muslim societies and cultures. ISMC promotes scholarship that opens new perspectives on Muslim heritage, modernity, culture, religion, and society. It offers a Masters level taught programme in Muslim Cultures.

Section 172(1) statement

The members of the Council are satisfied that all key decisions taken in 2020 have considered the long-term impact of such decisions and the impact on AKF (UK)'s donors, implementing partners, employees and the communities that we work in and with. AKF (UK) takes great care to ensure its activities are implemented in a collaborative manner and will deliver impactful change in the long-term.

Statement of engagement with suppliers, customers and others in a business relationship with the company

Maintaining collaborative business relationships is a key factor for AKF (UK) in order for us to continue to meet our strategic goals. This is especially true when it comes to our relationships with our grant-giving donors and the implementing partners with whom we work in partnership. AKF (UK) strives to ensure that all decisions taken on our programmes are taken in alignment with the wishes and regulations of those who fund them and taking into consideration the interests of those who are responsible for programme delivery, as we feel this is the most effective and efficient way of achieving lasting change for the communities that we work with.

Streamlined Energy and Carbon Reporting

In 2020 AKF (UK) used 5,004,851 Kwh of energy, this equated to a carbon footprint of 756 tonnes CO². This represents a carbon intensity ratio of 0.23 tonnes CO² per m². UK energy use covers the provision of electricity and heating at the Aga Khan Centre and Victoria Hall, which are both located in Kings Cross estate. It also includes electricity and gas consumption related to the twelve social and cultural centres owned by AKF (UK).

Data on energy usage was collected directly from billing information and where available, information collected in kWh was converted at the rate disclosed by the supplier. In the absence of this, emissions were converted using the UK Government's 2020 GHG Conversion Factors.

Electricity supplied to both the Aga Khan Centre and all social and cultural centres has a significantly reduced carbon output relative to the UK average. Approximately 70% less CO² is produced per kWh through these suppliers. Furthermore, both AKC and Victoria Hall benefit from being part of the Kings Cross estate where the district heating system in place is seeing reductions in CO² emissions of more than 60% against the UK average.

Report of the Council *(continued)*

Financial review

During the year AKF (UK)'s fixed assets increased by 1% from £179.4m to £180.6m, cash increased by 44% from £24.8m to £35.7m and total reserves increased by 7% from £201.3m to £215.4m. In the opinion of the members of the Council, adequate assets are available to fulfil the obligations of AKF (UK). A summary of the result of AKF (UK)'s activities during the period is given in the Statement of Financial Activities on page 14.

Income

During the year, the total income increased by 31% to £59.0m (2019: decreased by 72% to £44.9m). This was driven principally by an increase in social development income but also due to a £3.7m gift in kind donation of a social and cultural centres. In 2020 the social development income was £37.9m (2019: £26.0m).

The majority of social development income is from grants, which increased by 35% to £33.8m (2019 increase by 5% to £25.2m). Agreements with main funders are on-going and underpin the successful resource mobilisation strategy that has enabled AKF (UK) to secure significant levels of funding for AKDN projects around the world. Maintaining on-going relationships with major donors and establishing new partnerships are critical to AKF (UK)'s success and sustainability. These relationships should ensure the future strength of AKF (UK)'s income for social development purposes against a backdrop of continuing financial austerity among donor institutions. The income recognised in the Statement of Financial Activities represents the proportion of multi-year grants that were recognised in 2020 according to the accounting policies set out in note 1 to the accounts, and so does not correspond to the total value of grants secured and signed in the year.

Expenditure

In 2020, total expenditure decreased by 22% to £45.0m as a result of decreased expenditure on institutional development activities (2019: increased by 30%).

The most significant expenditure related to social development programmes of which £32.7m (2019: £28.0m) was disbursed during the year, benefiting projects implemented by AKDN institutions around the world. For international programmes supported directly through AKF (UK) in 2020, resources expended contributed to significant efforts in education, early childhood development, agriculture and food security, health and nutrition, civil society, energy and culture. The largest programmes were implemented in Afghanistan, where £12.3m project expenditure was made (2019: £11.4m), in particular on projects funded by FCDO (note 7).

The other main category of resources expended was institutional development programmes amounting to £10.8m (2019: £28.4m). This includes funding for IIS, expenditure on properties in King's Cross, London and funding for the Aga Khan University (note 8). The main reason for the decrease was that a one-off donation of £17.0m was made in the prior year to the Aga Khan Foundation, Geneva for various projects funded from donations received in commemoration of the Diamond Jubilee of His Highness, the Aga Khan.

The core costs of managing AKF (UK) and administering the resource mobilisation and grants management functions decreased to £2.0m (2019: £2.2m). These core costs are primarily funded by the Aga Khan Foundation Geneva. All donation income is applied to AKF (UK)'s charitable objectives, especially to programme expenditure on social development projects and institutional development.

Reserves policy

AKF (UK) requires reserves in order to meet its funding commitments in respect of its joint-funded projects and for the furtherance of its activities. AKF (UK) has established a policy whereby the level of its free reserves (being those funds not tied up in fixed assets and not part of designated funds or restricted funds) should be sufficient to sustain its administrative expenses for at least two months. AKF (UK) considers that the target level of free reserves at 31 December 2020 was £0.4m (2019: £0.4m) and anticipates that the target level of free reserves at 31 December 2021 will be approximately £0.4m. As of 31 December 2020, the total unrestricted general reserve of £0.4m (2019: £0.4m) represented actual free reserves.

AKF (UK) has established a policy whereby the level of its designated reserves for projects should be sufficient to meet commitments on an annual basis. At 31 December 2020, the total balance of designated funds was £201.8m (2019: £195.5m). In order to maintain the level of such reserves, AKF (UK) undertakes events to raise awareness of AKF (UK) and thereby seek support, for example through donations and commitments on a long-term basis.

Designated funds held by AKF (UK) as part of its charitable activities for institutional development purposes totalled £180.6m (2019: £176.2m) of which £162.9m was represented by fixed assets.

Report of the Council (continued)

Designated funds held by AKF (UK) as part of its charitable activities for social purposes totalled £20.2m (2019: £17.3m) of which £17.7m was represented by fixed assets.

Designated funds held by AKF (UK) as part of its charitable activities for social development purposes totalled £1.0m (2019: £2.0m) of which £0.0m was represented by fixed assets.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council have considered the implications of COVID-19 on those forecasts and consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Investment policy

The Council has the power to invest in such assets as it sees fit. The Council are supported in the exercise of these powers by the National Committee.

AKF (UK), having regard to its liquidity requirements and reserves policy, has operated a policy of keeping available funds in interest-bearing deposit accounts and seeking to achieve an appropriate rate of deposit interest. The Finance Committee reviews the placements on a regular basis and decides the appropriate placement periods on the basis of available funds and their intended use.

Future plans

In 2021, AKF (UK) has no plans to change its operational focus in any of its areas of charitable activity. AKF (UK) will continue to develop a robust project pipeline with AKDN agencies, with emphasis on AKDN's significant and growing initiatives in civil society, culture, education, economic development, energy, health, livelihoods, climate adaptation and disaster preparedness. A significant effort will be made to address the effects of the COVID-19 pandemic in AKDN's countries of operation. AKF (UK) will continue to pursue new partnerships and funding opportunities with bi-lateral and multi-lateral donors, especially to deepen its relationships with FCDO, France and Germany, among other potential partners. Despite the departure of the United Kingdom from the European Union, AKF (UK) will maintain its relationships with the European Commission, supporting partnerships between the EC and other AKF offices. In recent years, AKF (UK) has established a diversified funding base through new partnerships with foundations and corporations, and this work will continue.

AKF (UK) works with field units of AKDN to support them in securing grants directly from European, Asian and multi-lateral donors. AKF (UK) has strengthened its London-based team to engage a wider range of partners, represent AKDN in public fora, and support the design and preparation of grant proposals and budgets. AKF (UK) coordinates extensively between field units and donors, requiring extensive communication and travel to the countries where AKDN is active. AKF (UK) also uses funds raised from private donations to match donor funding where there is a match-funding requirement.

AKF (UK) continues to promote awareness of the work of AKF (UK) and AKDN through presentations, events and exhibitions. Subject to restrictions on movement in response to the COVID-19 pandemic, this work is expected to grow in the future.

Report of the Council *(continued)*

Principal Risks and Uncertainties

The Council, assisted by AKF (UK)'s National Committee and AKF (UK)'s CEO, assesses the major risks to which AKF (UK) is exposed on an on-going basis. On a monthly basis, the Finance Committee meets and reviews ongoing risks and compliance issues, in particular those related to its operations and finance. The major risks to which AKF (UK) is exposed are:

- Reliance on a small number of sizeable, traditional donors
- The potential impact of the global economic situation, political trends, and security crises on the availability of development funding for regions where AKDN is active
- Compliance violations or donor guidelines that are not adhered to by implementing agencies

The first and second risks are mitigated both by cultivating new donor relationships, diversifying opportunities, widening and deepening current relationships, and sustaining high levels of trust through consistent professional performance. The third risk is mitigated through enhanced communications with and monitoring of implementing partners, independent evaluations, donor assessment of programmes and other key information, strengthening grant agreements and monitoring requirements. AKF Geneva employs internal audits to monitor implementing partners; when necessary these also monitor grant compliance with donor guidelines and are shared with AKF (UK). AKF (UK) is satisfied that appropriate systems are in place to mitigate AKF (UK)'s exposure to major risks.

Statement on COVID-19

AKF (UK) is complying with public health authority requirements and implementing fundamental measures to impede transmission of COVID-19. At this time the full impact of COVID-19 on AKF (UK) is unknown due to the uncertain nature of this crisis and how long it will last. The following is AKF (UK)'s current assessment of the situation.

- All AKF (UK) employees continue to work but are now working from home
- Social development activities are continuing and any delays in programming are being fully supported by donors. Where possible we are also flexing programme activities to include activities related to COVID-19
- Whilst some reductions in income are anticipated, these are expected to be mitigated by reductions in expenditure
- We are not expecting any significant changes in our reserves levels due to COVID-19

Disclosure of information to auditors

Each of the members of the Council at the date of approval of this Report of the Council and Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which AKF (UK)'s auditor is unaware; and the members of the Council have each taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that AKF (UK)'s auditor is aware of that information.

Report of the Council *(continued)*

Statement of the Council's responsibilities in respect of the Report of the Council and Strategic Report and the financial statements

The members of the Council are responsible for preparing the Report of the Council and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Council are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Council and Strategic Report approved by order of the Council



Jane Piacentini-Moore
Member of the Council

Date: 13th September 2021

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom)

Opinion

We have audited the financial statements of Aga Khan Foundation (United Kingdom) ('the charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheets, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- have been prepared in accordance with the requirements of the Company 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 group 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 Council'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 group's or 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 Council with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

the information given in the Report of Council, which includes the directors' report and the strategic 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 Report of the Council 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Report of Council.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of the Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Council's responsibilities

As explained more fully in their statement set out on page 9, the members of the Council (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 controls as the Council determine are 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 members of the Council 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 Council either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and charitable company for fraud. The only other laws and regulations we considered in this context are General Data Protection Regulations, health and safety regulations and employment tax.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, the recognition of grant expenditure, the valuation of the investment property and the override of controls by management. Our audit procedures to respond to these risks included the following;

- reviewing the policies and principles adopted in recognising grant income and expenditure and review of supporting agreements;
- enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- enquiry of management about the charitable company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- reading minutes of meetings of those charged with governance;
- enquiry of management about litigations and claims concerning actual and potential litigation and claims and inspection of relevant correspondence;
- sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls,
 - testing the appropriateness of journal entries and other adjustments;
 - assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
 - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

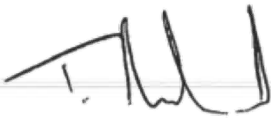
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of the Aga Khan Foundation (United Kingdom) (continued)

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, and to the charitable company's members of the Council, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Council 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, the charitable company's members as a body and the charitable company's Council, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 21 September 2021

Statement of Financial Activities, including Income and Expenditure Account

for the year ended 31 December 2020

	<i>Notes</i>	Unrestricted Funds		Restricted Funds	Total 2020	Total 2019
		General Funds £000	Designated Funds £000	£000	£000	£000
Income from						
Grants, donations and legacies						
Social development programmes	6	-	4,087	33,839	37,926	25,995
Institutional development	6	-	11,043	-	11,043	12,263
Social and cultural centres		-	4,318	-	4,318	6
Communications and awareness raising		235	-	-	235	246
Core costs		3,030	-	-	3,030	2,945
Rental income		-	2,374	-	2,374	3,176
Investment income		-	50	-	50	171
Other income		-	13	-	13	88
Total income		3,265	21,885	33,839	58,989	44,890
Expenditure						
Charitable activities						
Social development programmes	7	1,280	5,275	26,109	32,664	27,315
Institutional development	8	1,734	9,026	-	10,760	29,292
Social and cultural centres		40	1,339	-	1,379	669
Communications and awareness raising		235	-	-	235	246
Total expenditure		3,289	15,640	26,109	45,038	57,522
Net gain/(loss) from foreign exchange		-	91	-	91	(347)
Net income / (expenditure) for the year		(24)	6,336	7,730	14,042	(12,979)
Transfers between funds		-	-	-	-	-
Net expenditure before other recognised gains and losses		(24)	6,336	7,730	14,042	(12,979)
Net gain/(loss) from investments	10	-	-	-	-	-
Net movement in funds		(24)	6,336	7,730	14,042	(12,979)
Reconciliation of funds						
Funds brought forward (as previously stated)		385	195,499	481	196,365	213,002
Prior Period Adjustment	24	-	-	4,946	4,946	1,288
Funds brought forward (as restated)		385	195,499	5,427	201,311	214,290
Total funds carried forward	19	361	201,835	13,157	215,353	201,311

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

The notes on pages 17 to 32 form part of these financial statements.

Balance Sheet
 at 31 December 2020

	Notes	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9	156,094		154,925	
Investments	10	24,500		24,500	
			180,594		179,425
Current assets					
Debtors	11	934		899	
Cash at bank and in hand	17	35,740		24,790	
		36,674		25,689	
Creditors: amounts falling due within one year	13	(1,915)		(3,803)	
Net current assets			34,759		21,886
Total assets less current liabilities			215,353		201,311
Creditors: amounts falling due after one year			-		-
Net Assets			215,353		201,311
Share capital and reserves					
Called up share capital	20		-		-
Funds:					
Unrestricted funds					
General funds	19		361		385
Designated funds	19		201,835		195,499
Restricted funds	19		13,157		5,427
			215,353		201,311

The financial statements on pages 14 to 32 were approved by the Council and authorised for issue on 13th September 2021 and were signed on its behalf by:


Jane Piacentini-Moore
 Member of the Council

Cash Flow Statement
for the year ended 31 December 2020

	<i>Notes</i>	2020 £000	2019 £000
Net cash inflow / (outflow) from operating activities	<i>16</i>	11,586	(8,233)
Cash flows from investing activities			
Interest received		50	171
Payments to acquire fixed assets		(686)	(491)
Increase/(decrease) in cash and cash equivalents	<i>17</i>	10,950	(8,553)
Net cash at 1 January	<i>17</i>	24,790	33,343
Net cash at 31 December	<i>17</i>	35,740	24,790

The notes on pages 17 to 32 form part of these financial statements.

Notes *(forming part of the financial statements)*

1 Principal accounting policies

AKF(UK) is a charitable company limited by guarantee, company registration no 01100897, registered address 3 Cromwell Gardens, London SW7 2HB. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to AKF (UK)'s financial statements.

Basis of preparation

The charitable company is considered to be a public benefit entity. The financial statements have been prepared under the historical cost convention and in accordance with the 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 (SORP), the Companies Act 2006 and applicable Accounting Standards, FRS 102.

The members of the Council have prepared the financial statements on a going concern basis with no material uncertainties, which they consider is appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which are primarily funded by funds received from external donors. Other than commitments which are so funded, the charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5 and grants to be paid to partners from funds already received. The Council have reviewed forecasts covering the period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Council have considered the implications of COVID-19 on those forecasts and consider that as a result of the charity's operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Council consider it appropriate for the financial statements to be prepared on a going concern basis.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of AKF (UK) and which have not been designated for other purposes. Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by AKF (UK) as part of its charitable activities for social purposes. Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to AKF (UK) at the time of the donation. Fixed assets with an acquisition cost of less than £5,000 are not capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold buildings	2%
Leasehold buildings	1%
Property fixtures and fittings	15%

Investment properties

Investment properties are carried at fair value supported by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Operating leases

Rentals applicable to operating leases are included in the Statement of Financial Activities on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the statement of financial activities.

Notes (continued)

1 Principal accounting policies (continued)

Pension costs

AKF (UK) operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

Income

Grants, donations and legacies receivable are from institutional donors, private donors and AKF Geneva. Donations and legacies are recognised when they become receivable and tax reclaimed on gift aid donations is accounted for in the period of the associated gift. Grants receivable represent those grants where AKF (UK) has signed the contract with the funding agency and accepts responsibility for their application: these are recognised when the grant conditions are met and when AKF (UK) becomes entitled to each instalment of the grant funding. Entitlement to grant income is considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Rental income is receivable from commercial unit tenants and third party property management organisations and are recognised when they become receivable.

Expenditure

Grants made are recorded on a commitment basis when there is a signed agreement or other unconditional commitment made to a grant recipient and all other expenditures are recorded on an accruals basis. Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by AKF (UK). Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by AKF (UK) as part of its charitable activities for social purposes. Expenditure under restricted funds is allocated specifically to the related projects. Support costs are allocated to the relevant charitable activity on the basis of the proportion of employee time spent on each activity.

Accounting estimates and key judgements

In the application of the AKF (UK)'s accounting policies, judgements, estimates and assumptions about the carrying value of assets and liabilities are made. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The key areas of judgement included in the financial statements are summarised below:

- (i) Valuation of investment properties - Investment properties are carried at fair value supported by external valuers as disclosed in note 10.
- (ii) Potential impairment of fixed assets - Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.
- (iii) Depreciation of fixed assets – Fixed assets are depreciated at rates calculated to write off the cost over their expected useful economic lives

Changes in accounting policy

During the year the Council have considered the accounting policy for income recognition for grant income as well as the policy adopted for recognising staff costs where employees are funded in full by AKDN members. This is a change of accounting policy with material effect and so has resulted in a prior period adjustment. The impact of this change is shown in Note 24 to the financial statements.

2 Members of the Council's emoluments

No emoluments were paid to nor reimbursement of expenses received by the members of the Council for their duties (2019: £0).

Notes *(continued)*

3 Employee information *(continued)*

	2020	2019
	£000	£000
Salaries and wages	3,007	2,626
Social security costs	334	286
Pension costs	241	204
Other benefits	79	46
	<u>3,661</u>	<u>3,162</u>

Senior Management personnel earned total salary and benefits of £585k (2019: £508k) and pension contributions totalling £49k (2019: £43k). The average number of staff employed by AKF (UK) during the year is:

	2020	2019
	Number	Number
Communication	3	3
Finance and Administration	7	6
Grant administration	16	17
Victoria Hall Management	7	7
Aga Khan Centre Management	7	7
AKDN Programmes	13	8
	<u>53</u>	<u>48</u>

Employees earning above £60,000

	2020	2019
	Number	Number
£60,001 - £70,000	1	-
£70,001 - £80,000	2	4
£80,001 - £90,000	3	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	1	-
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-
£210,001 - £220,000	-	1
£260,001 - £270,000	1	-

Pension contribution totalling £134k were made for these employees during the year (2019: £148k).

4 Expenditure

Expenditure for the year is stated after charging the following costs.

	2020	2019
	£000	£000
Depreciation (note 9)	3,259	2,193
Audit fee – Crowe UK audit of these financial statements	32	-
Audit fee - KPMG	(16)	33
Auditor's remuneration for non-audit services	<u>18</u>	<u>22</u>

The £18k disclosed above in relation to non-audit fees includes fees for a VAT review, fees for corporation tax computations and fees for project audits. The audit fee for the year ending 31 December 2020 was £26,500 excluding VAT.

Notes (continued)

5 Support costs

The support costs of AKF (UK) consisted of three cost elements. Support costs are allocated on a basis consistent with the use of resources and the calculation of allocation is determined by the percentage of time spent on each category by the relevant staff.

	Human Resources £000	Office Expenses & Information Technology £000	Travel Expenses £000	Total 2020 £000	Total 2019 £000
Unrestricted funds					
Social development programmes	950	284	46	1,280	1,421
Institutional development	1,639	92	3	1,734	1,102
Social and cultural centres	29	9	2	40	270
Communications and awareness raising	<u>175</u>	<u>53</u>	<u>7</u>	<u>235</u>	<u>364</u>
	<u>2,793</u>	<u>438</u>	<u>58</u>	<u>3,289</u>	<u>3,157</u>

6 Grants and donations received

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Social development programmes				
European Commission (including ECHO)	-	15,028	15,028	6,750
UK Foreign, Commonwealth & Development Office (FCDO)	-	10,019	10,019	10,814
KfW	-	3,063	3,063	3,736
Aga Khan Foundation (USA)	2,896	-	2,896	-
Johnson & Johnson	-	1,617	1,617	800
Royal Norwegian Ministry of Foreign Affairs	-	1,608	1,608	-
Schools 2030	-	672	672	-
The Wellspring Foundation	-	480	480	-
Vitol Foundation	-	396	396	154
German Federal Foreign Office	-	309	309	87
Ikea Foundation	-	-	-	920
Dubai Cares	-	-	-	770
Oak Foundation	-	-	-	770
Other Donations	1,191	647	1,838	1,194
	<u>4,087</u>	<u>33,839</u>	<u>37,926</u>	<u>25,995</u>
Institutional development				
Donations in commemoration of His Highness' Diamond Jubilee	3,895	-	3,895	7,342
Donations designated to the Aga Khan University	1,765	-	1,765	2,416
Donations designated to Kings Cross operational costs	967	-	967	2,221
Donations designated to the Institute of Ismaili Studies	237	-	237	248
Other Donations	4,179	-	4,179	36
	<u>11,043</u>	<u>-</u>	<u>11,043</u>	<u>12,263</u>

Notes (continued)

7 Expenditure on social development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Afghanistan				
FCDO GEC STAGES II - Aga Khan Foundation, Afghanistan	-	8,152	8,152	10,598
EC Improve Participatory Management and Efficiency of Rangelands and Watersheds - Aga Khan Foundation, Afghanistan	402	2,066	2,468	506
FCDO – Leave No Girl Behind – Aga Khan Foundation, Afghanistan	-	955	955	-
Schools 2030 – Aga Khan Foundation, Afghanistan	24	230	254	-
Afghanistan Quality Learning – Aga Khan Foundation, Afghanistan	239	-	239	-
Australia Afghanistan Community Resilience Scheme - Aga Khan Foundation, Afghanistan	160	-	160	193
Girls and Science – Aga Khan Foundation, Afghanistan	-	92	92	-
Preservation of Endangered Languages in Afghanistan's Badakhshan - Aga Khan Foundation, Afghanistan Province	-	11	11	63
Forest Restoration to Enhance Ecosystem Services in Afghanistan - Aga Khan Foundation, Afghanistan	-	-	-	38
Total for Afghanistan programmes	825	11,506	12,331	11,398
Bangladesh				
Community Based Early Childhood Development for Children of the Garment Sector - Aga Khan Foundation, Bangladesh	-	-	-	(1)
Total for Bangladesh programmes	-	-	-	(1)
Egypt				
Creating Access to Cairo's Islamic Cultural Heritage - Aga Khan Cultural Services, Egypt	26	279	305	178
Women in Agriculture - Aga Khan Foundation, Egypt	5	-	5	5
Strengthening the Capacity and Role of Civil Society Organisations in Egypt (SCR-CSO) - Aga Khan Foundation, Egypt	4	-	4	-
Total for Egypt	35	279	314	183

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Cross-Border				
Shugnan VI Energy Cross Border Project Phase I - Pamir Energy	-	3,624	3,624	743
Supporting Cooperation and Opportunities for Regional Economic Development (SCORED) - Aga Khan Foundation Afghanistan, Aga Khan Foundation Tajikistan, AP Tajikistan and Mountain Societies Development Support Programme	449	832	1,281	4,746
Cross-Border Commission Integrated Infrastructure - Aga Khan Foundation, Afghanistan	-	365	365	-
Batken-Sughd Cross-Border Development Project - Aga Khan Foundation, Kyrgyz Republic and Aga Khan Foundation Tajikistan	-	250	250	86
Promoting Access to Educational Institutions in the Cross-Border Districts - Aga Khan Foundation, Afghanistan	-	236	236	9
Rushan I Cross Border Energy Project - Pamir Energy	-	214	214	225
Establishment of a fibre processing unit with dehairing and storage in cross-border areas - Aga Khan Foundation, Tajikistan	-	186	186	62
Cross Border School Building Construction - Aga Khan Foundation, Afghanistan	-	148	148	1,014
All-weather access road for cross-border tourism areas - Aga Khan Foundation, Pakistan	-	101	101	14
Improved Road Infrastructure and Market Access in Immit Valley - Aga Khan Foundation, Pakistan	-	72	72	-
Shugnan VII Cross-Border Energy Project - Pamir Energy	-	69	69	-
Kwahan Integrated Development - Aga Khan Foundation, Afghanistan	-	-	-	822
Nusai Road Phase II Rehabilitation - Aga Khan Foundation, Afghanistan	-	-	-	333
Chatham House Stabilisation Events and Report - Chatham House	-	-	-	67
Improved Access to Clean Water and Gender Empowerment in the High Mountain Border Regions of Pakistan and Afghanistan - Aga Khan Foundation, Pakistan	-	-	-	66
Study of Cross-Border Work between Afghanistan and its Neighbours - Chatham House	-	-	-	(2)
Total for Cross-Border programmes	449	6,097	6,546	8,185

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
East Africa				
Oncology - Comprehensive Cancer Project - Aga Khan Health Services, Tanzania	616	-	616	-
Schools 2030 - Aga Khan Foundation, East Africa	77	449	526	-
Nursing and Midwifery Platform - Aga Khan University	-	476	476	-
Enhancing the Competitiveness of Smallholder Rice Farmers in Morogoro - Aga Khan Foundation, East Africa	-	282	282	504
Strengthening Resilience of Frontline Health Workers - Aga Khan University	-	152	152	-
Horticultural Value Chain Development - Aga Khan Foundation, East Africa and Tanzania Horticultural Association	-	80	80	211
Kenya Global Opportunity Youth Initiative (GOYI) - Aga Khan Foundation, East Africa	-	56	56	-
In Their Hands - Aga Khan Foundation, East Africa	34	-	34	40
Improving Social and Economic Opportunities for Youth in Northern Kenya - Aga Khan Foundation, East Africa and Islamic Relief Kenya	-	21	21	922
Linking Community-based Saving Groups to Formal Financial Services in the West Nile region of Northern Uganda - Aga Khan Foundation, Uganda	14	4	18	210
Capacity Development Initiative for Disabled Person's Organizations (Cap4DPO) - Aga Khan Foundation, East Africa and National Union of Disabled Persons of Uganda	25	(25)	-	280
AKU-SONAM Nursing Scholarships - Aga Khan University, East Africa	-	-	-	522
Madrassa Resource Centre and Early Childhood Development in East Africa - Aga Khan Foundation, East Africa	-	-	-	371
Strengthening New Pathways for Youth Education, Empowerment and Employment in India and Kenya - Aga Khan Foundation, East Africa	-	-	-	363
Supporting the Government of Kenya's Values-Based Education Policy and Practice - Aga Khan Foundation, East Africa	-	-	-	31
Total for East Africa programmes	766	1,495	2,261	3,454

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
India				
Strengthening New Pathways for Youth Education, Empowerment and Employment in India and Kenya - Aga Khan Foundation, India	103	224	327	-
Hygiene & Behaviour Change Coalition for COVID-19 control - Aga Khan Foundation, India	-	288	288	-
Establishment of COVID 19 testing facilities - Prince Aly Khan Hospital, Mumbai	-	80	80	-
Improving Water and Sanitation Infrastructure and Hygiene Education in 20 Schools of Bihar and Uttar Pradesh - Aga Khan Foundation, India	-	44	44	-
Strengthening the AKF Lehar Programme - Aga Khan Foundation, India	-	19	19	-
Supporting Local Authorities for Accountable, Responsive and Transparent Systems for Solid Waste Management - Aga Khan Foundation, India and Gram Swarajya Samiti Ghose (GSSG)	-	7	7	118
Strengthening Participation in Local Governance to Enhance Access to Entitlements and Basic Services by Marginalised Tribal Communities - Aga Khan Rural Support Programme, India	-	-	-	2
Total for India programmes	103	662	765	120
Kyrgyz Republic				
Accelerate Prosperity in Central and South Asia - Mountain Societies Development Support Programme, Kyrgyz Republic	-	192	192	-
Schools 2030 - Aga Khan Foundation, Kyrgyz Republic	-	170	170	-
Sustainable Winter Tourism Development Project (Phase I) - Aga Khan Foundation, Kyrgyz Republic	16	-	16	-
Total for Kyrgyz Republic programmes	16	362	378	-
Madagascar				
Madagascar Innovations Leverage for Climate Adaptation (MILCA) - Aga Khan Foundation, Madagascar	-	299	299	-
SPEEDRICE: "Scaling-up, Promoting and Expanding Effortless Direct-seeding RICE permaculture" - Aga Khan Foundation, Madagascar	-	-	-	19
Total for Madagascar programmes	-	299	299	19

Notes (continued)

7 Expenditure on social development programmes (continued)

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Mali				
Partenariat pour le Renforcement de la Résilience à l'Insécurité Alimentaire et Nutritionnelle au Nord Mali (PRIAN) - Aga Khan Foundation, Mali	59	-	59	-
Total for Mali programmes	59	-	59	-
Mozambique				
Strengthening Social Cohesion and Resilience to Radicalization in Cabo Delgado - Aga Khan Foundation, Mozambique	-	629	629	-
JUNTOS III - Aga Khan Foundation, Mozambique	24	83	107	97
Sustainable Formation of Savings Group in Chiure Cabo Delgado - Aga Khan Foundation, Mozambique	-	-	-	19
Total for Mozambique programmes	24	712	736	116
Pakistan				
Critical Preparedness, Readiness and Response Actions for Coronavirus Disease (COVID-19) Pandemic in Gilgit-Baltistan and Chitral - Aga Khan Foundation, Pakistan	98	1,514	1,612	-
Accelerate Prosperity in Central and South Asia - Aga Khan Rural Support Programme, Pakistan	426	414	840	-
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) - Aga Khan Foundation, Pakistan	602	-	602	602
Schools 2030 - Aga Khan Foundation, Pakistan	-	193	193	-
Strengthening preparedness, readiness and response action for Covid-19 - Aga Khan Foundation, Pakistan	-	72	72	-
Total for Pakistan programmes	1,126	2,193	3,319	602
Portugal				
Schools 2030 - Aga Khan Foundation, Portugal	177	54	231	-
Capacity Buidling of Senior Caregivers - Aga Khan Foundation, Portugal	-	-	-	224
Total for Portugal programmes	177	54	231	224
Switzerland				
Schools 2030 - Aga Khan Foundation, Geneva	1	83	84	77
Total for Switzerland programmes	1	83	84	77

Notes *(continued)*

7 Expenditure on social development programmes *(continued)*

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Syria				
Salamieh District Multi-Sectoral Humanitarian Assistance (MSHA) - Aga Khan Foundation, Syria	-	-	-	277
Total for Syria programmes	-	-	-	277
Tajikistan				
Critical Infrastructure to Contribute to Stability and Peace in Khorog - Aga Khan Foundation, Tajikistan	-	1,170	1,170	-
Integrated Health and Habitat Improvement (IHHI) Rasht - Aga Khan Foundation, Tajikistan	417	-	417	(7)
Schools 2030 - Aga Khan Foundation, Tajikistan	-	229	229	-
Improving livelihoods and food security through sustainable Natural Resource Management - Mountain Societies Development Support Programme Tajikistan, ACTED, Non-Commercial Cooperative Sarob and CAMP Kuhiston	158	-	158	-
Accelerate Prosperity in Central and South Asia - Aga Khan Foundation, Tajikistan & University of Central Asia, Tajikistan	-	105	105	-
Safe Drinking Water and Sanitation Management in Tajikistan (SWSMT) - Aga Khan Foundation, Tajikistan	71	-	71	250
Supporting Accelerated Growth for Entrepreneurship (SAGE) - Aga Khan Foundation, Tajikistan	49	-	49	-
Rushon Health Care Center - Aga Khan Foundation, Tajikistan	15	-	15	-
Shugnon Health Care Center - Aga Khan Foundation, Tajikistan	15	-	15	-
Darvoz Health Care Center - Aga Khan Foundation, Tajikistan	15	-	15	-
Khorog Rehabilitation Youth Centre - Aga Khan Foundation, Tajikistan	9	-	9	-
Fostering Disaster Resilience in Isolated Mountain Environments of Tajikistan - Aga Khan Agency for Habitat, Tajikistan	-	-	-	177
Total for Tajikistan programmes	749	1,504	2,253	420
United Kingdom				
Development of Earthquake model - Global Parametrics	-	42	42	175
Schools 2030 - Save the Children & Oxford MeasurEd	12	3	15	-
Total for United Kingdom programmes	12	45	57	175
Total Grants made for social development	4,342	25,291	29,633	25,249
Non-Grant Expenditure	2,213	818	3,031	2,764
Total Expenditure for social development	6,555	26,109	32,664	28,013

Notes (continued)

8 Expenditure on institutional development programmes

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Aga Khan Foundation Geneva, various projects	-	-	-	17,000
Aga Khan University Foundation various projects	1,836	-	1,836	3,063
Institute of Ismaili Studies for their educational programmes	1,142	-	1,142	2,132
Aga Khan Academies for their educational programmes	17	-	17	-
Property developments at King's Cross in London	-	-	-	357
Total Grants made for institutional development	2,995	-	2,995	22,552
Non-Grant Expenditure	7,765	-	7,765	5,892
Total Expenditure for institutional development	10,760	-	10,760	28,444

9 Tangible fixed assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Property fixtures and fittings £000	Assets Under Construction £000	Total £000
Cost					
At 1 January 2020	30,352	133,935	11,594	-	175,881
Additions	3,700	-	714	14	4,428
Disposals	-	-	-	-	-
At 31 December 2020	34,052	133,935	12,308	14	180,309
Depreciation					
At 1 January 2020	15,874	282	4,800	-	20,956
Charge for the year	681	984	1,594	-	3,259
Disposals	-	-	-	-	-
At 31 December 2020	16,555	1,266	6,394	-	24,215
Net book value					
At 31 December 2020	17,497	132,669	5,914	14	156,094
At 31 December 2019	14,478	133,653	6,794	-	154,925

All assets are held for charitable purposes.

Notes (continued)

10 Investments

Investment in shares

AKF (UK) owns one ordinary share of £1 (1% of the issued and paid up share capital) in the Institute of Ismaili Studies (2019: £1), which is incorporated in England.

Investment in property

Investment property comprises Fenman House in the Kings Cross estate that is leased to a third party. Changes in fair values are recognised as investment gains or losses in the Statement of Financial Activities.

The historical cost of this property was £20.6m and the most current valuation was carried out in May 2021 by a MRICS independent valuer of Knight Frank LLP. When arriving at their valuation, they considered sales from within the King's Cross Estate in order to compare recent sales data. The independent valuation has been taken into account by the Council in their decision to keep the balance sheet value at £24.5m

	2020 £000	2019 £000
Balance at 1 January	24,500	24,500
Acquisitions	-	-
Change in Fair Value	-	-
Balance at 31 December	24,500	24,500

11 Debtors

	2020 £000	2019 £000
Prepayments and accrued income	555	506
Debtors with other AKDN Agencies	370	384
Other debtors	9	9
	934	899

Debtors with other AKDN Agencies includes £76k with AKF Geneva (2019: £90k), £129k with Aga Khan Academies (2019: £96k), £66k with Aga Khan Education Services (2019: £86k) and £98k with AKDN (2019: £113k).

Notes *(continued)*

12 Lease Commitments

AKF (UK) has three operating lease contracts in place. The first relates to Fenman House in the Kings Cross estate that is leased to a third party. The lease is for 5 years until 31 January 2023 with annual rents indexed to RPI.

In addition, there are contracts in place for two commercial units, the first in Aga Khan Centre and the second in Victoria Hall. The unit in Aga Khan Centre is leased to a third party and the contract runs until 28th September 2039. The unit at Victoria Hall is leased to a separate third party and runs until the 3rd September 2037.

AKF(UK) has the following long term operating lease commitments

	2020	2019
	£000	£000
Receivable in less than 1 year	821	790
Receivable between 1 and 5 years	1,822	2,451
Receivable in greater than 5 years	664	890
	3,307	4,131
	3,307	4,131

13 Creditors

	2020	2019
	£000	£000
Amounts falling due within one year		
Accruals and deferred income	1,715	3,110
Trade creditors	47	560
Payroll taxes	106	95
Other creditors	47	38
	1,915	3,803
	1,915	3,803

Income has been deferred where it has been received in advance of contractual obligations.

14 Taxation

AKF (UK) is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes (continued)

15 Pension scheme

AKF (UK) operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by AKF (UK) to the scheme and amounted to £264k (2019: £204k), £34k was payable at 31 December 2020 (2019: £36k).

16 Reconciliation of net income/ (expenditure) to net cash inflow from operating activities

	2020 £000	2019 £000
Net movement in funds	14,042	(12,979)
Depreciation on tangible fixed assets	3,259	2,193
(Gain) / Loss on Investment	-	-
Gift in kind donations capitalised	(3,742)	-
Interest receivable	(50)	(171)
(Increase) / decrease in debtors	(35)	1,722
Increase / (decrease) in creditors	(1,888)	1,002
Net cash inflow / (outflow) from operating activities	11,586	(8,233)

17 Cash and cash equivalents

	2020 £000	2019 £000
Changes in the year		
At 1 January	24,790	33,343
Net cash inflow/(outflow)	10,950	(8,553)
At 31 December	35,740	24,790

18 Capital commitments

Conditional capital commitments

There were no material conditional capital commitments as at 31 December 2020.

Notes (continued)

19 Reconciliation of funds

	Unrestricted Funds			2020 Total £000	2019 Total £000
	General Funds £000	Designated Funds £000	Restricted Funds £000		
Balance at 1 January	385	195,499	5,427	201,311	214,290
Income	3,265	21,885	33,839	58,989	44,890
Expenditure	(3,289)	(15,640)	(26,109)	(45,038)	(57,522)
Recognised Gains / (Losses)	-	91	-	91	(347)
Balance at 31 December	<u>361</u>	<u>201,835</u>	<u>13,157</u>	<u>215,353</u>	<u>201,311</u>
Represented by:					
Fixed assets	-	180,594	-	180,594	179,425
Current assets	569	22,341	13,764	36,674	25,689
Current liabilities	<u>(208)</u>	<u>(1,100)</u>	<u>(607)</u>	<u>(1,915)</u>	<u>(3,803)</u>
	<u>361</u>	<u>201,835</u>	<u>13,157</u>	<u>215,353</u>	<u>201,311</u>

General funds are held to provide cashflow reserves and working capital. Restricted funds relate to social development projects and will be spent in 2021. Designated funds represent funds earmarked by the Council for the following purposes:

	Social Development £000	Institutional Development £000	Social £000	2020 Total £000	2019 Total £000
	Balance at 1 January	2,048			
Income	4,119	13,443	4,323	21,885	17,405
Expenditure	(5,275)	(9,026)	(1,339)	(15,640)	(33,005)
Recognised Gains / (Losses)	91	-	-	91	(437)
	<u>983</u>	<u>180,612</u>	<u>20,240</u>	<u>201,835</u>	<u>195,499</u>
Represented by:					
Fixed assets	-	162,875	17,719	180,594	179,425
Current assets	983	18,837	2,521	22,341	17,695
Current liabilities	<u>-</u>	<u>(1,100)</u>	<u>-</u>	<u>(1,100)</u>	<u>(1,621)</u>
	<u>983</u>	<u>180,612</u>	<u>20,240</u>	<u>201,835</u>	<u>195,499</u>

Social Development funds will be used as co-financing for projects in 2021. Institutional Development funds are mainly fixed assets and cash reserves will be used to support AKDN institutions. Social funds are mainly fixed assets and the cash reserves are held to develop these properties as required.

20 Called up share capital

	2020 £	2019 £
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

According to the Memorandum of Association the liability of the members is limited. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up, such amount not exceeding £1. In addition, the charitable company is precluded from making any distributions to members either by way of a dividend or on a winding up.

Notes *(continued)*

21 Ultimate holding company

The ultimate holding company is regarded by the members of the Council as being Aga Khan Foundation Geneva, which is incorporated in Switzerland (UID - CHE-100.845.311) and beneficially owns one hundred percent of the shares of AKF (UK).

22 Related party transactions and other AKDN agencies

There have been no related party transactions between AKF (UK) and the members of the Council in 2020.

Transactions with AKF Geneva and agencies within the Aga Khan Development Network consist of the following:

- staff costs associated with projects funded by other AKDN agencies (note 11); and
- grants and donations of funding for projects, programmes and other activities supported by AKF (UK) (notes 6, 7 and 8).

23 Prior Period Adjustment

During the year the Council have considered the accounting policy as applied to income recognition for grant income. Previously AKF (UK) had deemed entitlement to income to occur only once monies had been expended either directly by AKF(UK) or through disbursements of onward grants to implementing partners. This policy has been reviewed and entitlement to income is now considered to be at the earlier point of income being receivable or eligible expenditure being incurred. Further the Council have considered the policy adopted for recognising staff costs where employees are funded in full by other AKDN agencies. Costs connected to these employees were previously not recognised in the financial statements and are now recognised in full. These are changes of accounting policy with material effect and so have resulted in a prior period adjustments. The impact of these changes is shown below:

	£000
Reserves at 1 January 2019 (as previously stated)	213,002
Release of income previously deferred relating to year ended 31 December 2018	<u>1,288</u>
Reserves at 1 January 2019 as restated	<u>214,290</u>
Total creditors at 31 December 2019 (as previously stated)	(8,749)
Release of income previously deferred at 31 December 2019	<u>4,946</u>
Total creditors at 31 December 2019 as restated	<u>(3,803)</u>
Total income for the year ended 31 December 2019 (as previously stated)	40,158
Impact of reversal of deferred income relating to year ended 31 December 2019	3,658
Impact of AKDN staff cost inclusion for the year ended 31 December 2019	<u>1,074</u>
Total income for the year ended 31 December 2019 as restated	<u>44,890</u>
Total expenditure for the year ended 31 December 2019 (as previously stated)	56,448
Impact of AKDN staff cost inclusion for the year ended 31 December 2019	<u>1,074</u>
Total expenditure for the year ended 31 December 2019 as restated	<u>57,522</u>