

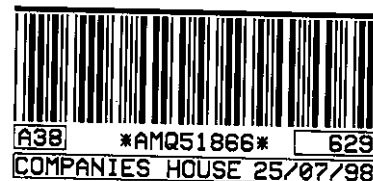
ARTHUR
ANDERSEN

The Arab-British Centre Limited
(a company limited by guarantee)

Accounts 31 December 1997
together with directors' and auditors' reports

Registered number: 1215037

Registered charity: 801026



Directors' report

For the year ended 31 December 1997

The directors present their annual report on the affairs of the company together with the accounts and auditors' report for the year ended 31 December 1997.

Principal activity and business review

The company's principal activity continues to be the promotion of friendship and understanding between the people of the United Kingdom and the Arab world. The company is a registered charity (number: 801026) and a company limited by guarantee. The surplus for the financial year amounted to £11,644 (1996 - £13,673). The directors cannot easily predict when donations will be received, but they expect the general level of activity to remain unchanged in the coming year.

Directors

The following were Council members and directors of the company during the year:

A. Sindall (Chairman - appointed 10 June 1997)

Sir John Moberly, K.B.E., C.M.G.

Sir John Wilton, K.C.M.G., K.C.V.O., M.C.

Sir Richard Beaumont, K.C.M.G., O.B.E.

Sir Dennis Walters, M.B.E.

Ambassador Nadim Dimechkie, G.C.V.O.

B. El-Dajani

D. Watkins

Lord Denman, C.B.E., M.C., T.D.

Sir James Craig, G.C.M.G.

J.A.P. Hill, C.B.E.

Abdul Karim Al-Mudaris

Sir Cyril Townsend

Mrs L. Qattan

Saeb Jaroudi

G. Asseily (appointed 10 June 1997)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

Directors' report (continued)

Directors' responsibilities (continued)

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

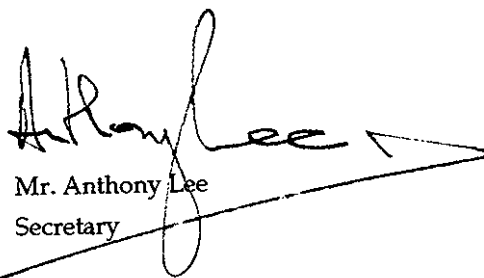
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Arthur Andersen have expressed their willingness to continue in office, and a resolution to reappoint them will be proposed at the next annual general meeting.

21 Collingham Road
London
SW5 ONU

By order of the Board,



Mr. Anthony Lee
Secretary

10 June 1998

Auditors' report

London

To the Members of The Arab-British Centre Limited:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its incoming resources and resources expended for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

10 June 1998

Statement of financial activities

For the year ended 31 December 1997

	Notes	1997 £	1996 £
Incoming resources			
Donations	1a	50,000	50,000
Bank interest		3,602	3,458
Other		305	221
Total incoming resources		<u>53,907</u>	<u>53,679</u>
Resources expended			
Operating expenses (net)	2a	(42,263)	(40,006)
Surplus for the financial year		<u>11,644</u>	<u>13,673</u>
General fund, beginning of year		308,585	294,912
General fund, end of year		<u>320,229</u>	<u>308,585</u>

All recognised gains and losses of the company are dealt with in the statement of financial activities presented above.

The accompanying notes are an integral part of these accounts.

Balance sheet

31 December 1997

	Notes	1997 £	1996 £
Tangible fixed assets	1b&3	<u>261,778</u>	<u>262,331</u>
Current assets			
Debtors	4	3,038	4,224
Cash at bank and in hand		<u>115,101</u>	<u>96,252</u>
		118,139	100,476
Creditors: Amounts falling due within one year	5	<u>(39,688)</u>	<u>(40,222)</u>
		78,451	60,254
Net current assets		<u>340,229</u>	<u>322,585</u>
Total assets less current liabilities			
Provisions for liabilities and charges	1c&6	<u>(20,000)</u>	<u>(14,000)</u>
		320,229	308,585
Net assets			
Funds			
General fund	8	<u>320,229</u>	<u>308,585</u>

Signed on behalf of the Board
A. Sindall

Chairman

10 June 1998

The accompanying notes are an integral part of these accounts.

Notes to accounts

31 December 1997

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The company has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act 1985 format to reflect the special nature of the company's activities.

Significant accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are:

a) Donations

Donations are recorded as income of the period in which they are received except where the donor specifies that the donation should be used for a future period. Contributions to occupancy costs are netted off operating expenses.

b) Fixed assets

No depreciation is provided in respect of freehold property. In the opinion of the directors, adequate maintenance is undertaken to preserve the value of the property and depreciation would not be material.

The computer, and fittings and equipment are depreciated over their estimated useful lives of four and ten years respectively.

The library is stated at a nominal value of £2,000. This amount is not depreciated as purchases are written off as incurred.

c) Provisions for liabilities and charges

The company sets aside an amount each year to provide for expenditure on repairs and maintenance. To the extent that specific unpaid charges exist at year-end, the liability for such amounts is included within creditors; the remaining provision is reported as the provision for repairs and maintenance.

d) Cash flow statement

The company has taken advantage of the exemption contained in FRS 1, Cash Flow Statements, afforded to small companies and has not presented a cash flow statement.

Notes to accounts (continued)

2 Operating expenses (net)

a) Operating expenses (net) consists of the following charges (credits):

	1997 £	1996 £
Depreciation	975	1,225
Repairs and maintenance	10,159	6,260
Auditors' remuneration	-	-
Staff costs		
- wages and salaries	21,394	31,322
- social security costs	2,324	3,072
Operating lease payments	4,465	4,465
Office costs	12,543	10,821
Other costs	19,313	16,925
Total costs	<u>71,173</u>	<u>74,090</u>
Contributions receivable for staff costs and occupancy (see c below)	(28,910)	(34,084)
	<u>42,263</u>	<u>40,006</u>

b) No director received any remuneration. The average number of employees during the year was 4 (1996 - 5).

c) A number of organisations occupy part of the premises owned by the company and they contribute to the costs related to the office space and facilities they use.

Notes to accounts (continued)

3 Fixed assets

The movement on these accounts during the year was as follows:

	At 1 January 1997 £	Additions/ charge £	At 31 December 1997 £
Cost			
Freehold property	256,502	-	256,502
Fittings and equipment	38,975	422	39,397
Computer	1,173	-	1,173
Library	2,000	-	2,000
	<u>298,650</u>	<u>422</u>	<u>299,072</u>
Accumulated depreciation			
Fittings and equipment	35,146	975	36,121
Computer	1,173	-	1,173
	<u>36,319</u>	<u>975</u>	<u>37,294</u>
Net book value	<u>262,331</u>		<u>261,778</u>

4 Debtors

	1997 £	1996 £
Accrued income	-	515
Prepayments	3,038	3,709
	<u>3,038</u>	<u>4,224</u>

5 Creditors: Amounts falling due within one year

	1997 £	1996 £
Social security and PAYE	751	640
Accruals	437	1,582
Deferred income	38,500	38,000
	<u>39,688</u>	<u>40,222</u>

Deferred income at the year end relates to donations received during the year which were specified by the donor as relating to the following year (see also note 1a).

Notes to accounts (continued)

6 Provisions for liabilities and charges

The movement on the provision for repairs and maintenance was as follows:

	1997 £	1996 £
Balance, beginning of year	14,000	14,000
Additions to provision	10,159	6,260
Expenditure on repairs and maintenance	(4,159)	(6,260)
Balance, end of year	<u>20,000</u>	<u>14,000</u>

7 Taxation

On 17 February 1989, the Centre was accorded charitable status and hence is not liable to corporation tax.

8 General fund

The company has a single general, unrestricted, income fund. The company is limited by guarantee and has no share capital. In the event of the company being wound up, each member may be required to contribute a maximum sum of £1 to the company.

9 Financial commitments

Annual commitments under non-cancellable operating leases for office equipment are as follows:

	1997 £	1996 £
Expiry date:		
- between two and five years	<u>4,465</u>	<u>4,465</u>