

Company registration number: 03066579

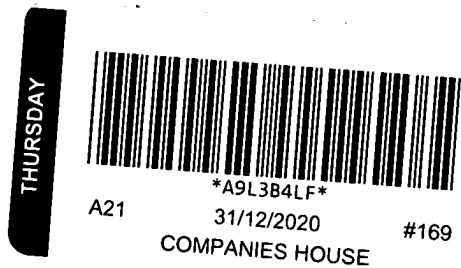
Charity registration number: 1047432

THE AMAR INTERNATIONAL CHARITABLE FOUNDATION

(a company limited by guarantee)

Annual Report and Financial Statements

for the year ended
31 December 2019



Field Sullivan Limited
70 Royal Hill
Greenwich
SE10 8RF

The AMAR International Charitable Foundation

Reference and administrative details

Company registration number: 03066579

Charity registration number: 1047432

Registered office: Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

Principal office: 80 Petty France
London
SW1H 9EX

Trustees: Baroness Nicholson of Winterbourne (Chairman)
Dr Theodore Zeldin
Damon Parker
Hayder Hassan
Mohammed Charchafchi
Dr Edmund Newell
Dr Alastair Redfern
David Kerr
Sharlene Hawkes
Francesco Boardman
Siddik Bakir (appointed 18 March 2019)
Stanley Parrish (appointed 18 March 2019)

Auditors: Field Sullivan Limited
Statutory Auditor
Chartered Accountants
70 Royal Hill
London
SE10 8RF

Accountant: Rickard Luckin Ltd
Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

Bankers: C Hoare & Co
37 Fleet Street
London
EC4P 4DQ

National Westminster Bank PLC
Bridge Street
Hatherleigh
Okehampton
Devon
EX30 3HZ

The AMAR International Charitable Foundation

Reference and administrative details

Bankers (Cont'd):	Clydesdale Bank PLC 91 Gresham Street London EC2V 7BL
Solicitor:	Harcus Sinclair 3 Lincoln's Inn Fields London WC2A 3AA
Hon. High Representative (Lebanon):	Mr Jazzini (appointed February 2019)
Secretary:	Damon Parker

The AMAR International Charitable Foundation

Trustees' Report
for the year ended
31 December 2019

STATEMENT

The Trustees present the report and financial statements of the company for the year ended 31st December 2019 which complies with current statutory requirements, the requirements of the charity's governing instrument and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102). Reference and administrative details are set out on Page 1 and form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The company was incorporated under the Companies Act 1985 on 9th June 1995 in England and Wales and is governed by its memorandum and articles of association. The company is a company limited by guarantee and not having a share capital, (company registration number 3066579), and is a registered charity (charity registration number 1047432). Each member's guarantee liability is limited to £1.

The management of the charitable company is conducted at meetings held by the Trustees at regular intervals as described in its memorandum and articles of association. Trustees are recruited based upon The AMAR International Charitable Foundation's (AMAR's) fields of work and appointed by vote. All Trustees give their time voluntarily and receive no benefits from the charity.

The risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have or are in the process of being established to mitigate those risks. The major risks incurred are in respect of:

- staff operating in areas where there may be a threat to their personal security or general wellbeing;
- financial risks linked to the current social and economic situations;
- impact of Covid-19 on income, operations, etc.

During the year ended 2018, AMAR became aware of a fraud perpetrated against it. The trustees and senior management robustly investigated and have taken all relevant actions to mitigate the impact on AMAR and recover any funds as appropriate. As a result of this investigation:

- members of the senior management in Iraq were subject to disciplinary procedures and are no longer involved with AMAR in any way.
- the management structure in Iraq has been altered so that senior management does not exercise the control that it once did;

Although there were already substantial controls in place, the Board of Trustees and UK senior management have implemented further robust controls, procedures and oversight over operations in Iraq. The impact is to significantly curtail the autonomy of senior management in Iraq.

Due to the potential for further legal action, no other details can be disclosed at this time except to highlight that all required reporting has been made to the relevant UK authorities.

OBJECTIVES AND ACTIVITIES

AMAR's key objective is the provision of public health and education, including training, to significantly underserved populations under continuing stress. AMAR's purpose is to improve the quality of life and provide hope for those whom it serves and to enable a higher quality of public service by the local and national authorities. AMAR's main focus of activities during the year remained in the Federal Republic of Iraq with small scale activity and support to Lebanon and Romania. AMAR also promotes religious freedom for all.

In planning activities for the year, the trustees keep in mind the Charity Commission guidance on public benefit and whether they have complied with their duties under Section 4 of the Charities Act 2011.

The AMAR International Charitable Foundation

Trustees' Report
for the year ended
31 December 2019

ACHIEVEMENTS AND PERFORMANCE

In Iraq, AMAR's health care development work focused upon primary health care at the local level. This included training of primary health staff at all levels, the delivery of preventative and curative services and the provision of public health education for local community members. Education services were provided children and adults alongside vocational and skills training.

The crisis in Iraq which erupted so dramatically during the summer of 2014 led to an immediate and strong response from AMAR which has continued throughout 2019. However, most beneficiaries of AMAR's IDP camp services were unable to return to their original homes due the continuance of armed conflict

During 2019, Zain Telecommunications Iraq has remained AMAR's most important corporate donor. Their support has enabled all AMAR's projects to operate efficiently. AMAR's partnership with the Rumaila Operating Organisation to implement Social Welfare projects on behalf of the Basrah Oil Company, has continued with numerous projects supporting health and education for the population around the oilfield. During 2019, AMAR continued its programme of rehabilitation and construction of health, education, recreation and water facilities for the benefit of the local population.

AMAR benefited from the continued professional and financial support of various institutions throughout the year.

AMAR ran a uniquely important project supported by the British Council, with ODA funding from DCMS, to recover and preserve the unique and dwindling Yazidi musical culture. This involved recording a complete annual cycle of Yazidi religious music and archiving in the Bodleian Library, University of Oxford. The Yazidi musical heritage is now safe against future suppression. It also entailed recording Yazidi no-religious cultural music, the promotion of music lessons in the IDP camps and the creation of an AMAR Yazidi Ladies' Choir, with many survivors and victims of Da'esh. The mental health benefits are still being assessed.

In Lebanon, AMAR maintains a symbolic presence, given its longstanding charitable work in that country.

All activities in Iraq, including KRI, and Lebanon were supported strongly by, and delivered in close partnership and cooperation with, national government and local health, education and other relevant authorities.

FINANCIAL REVIEW

AMAR seeks and receives funding from private, corporate and institutional donors as well as from UN agencies and other international institutions. Details of incoming resources and resources expended are given in the Statement of Financial Activities on Page 10.

The funding of all AMAR services remains a challenge particularly for the emergency relief work in the camps and for IDPs everywhere as little funding is available from the UN and other governments.

AMAR's finances during 2019 were further impacted by:

- the costs associated with the investigation of the fraud perpetrated by former senior management in Iraq;
- income not reaching the level budgeted with a resultant impact on cost recovery;

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the charity will be able to meet its debts as they fall due. During the year, the charity had a deficit on unrestricted funds of £391,260 resulting in an overdrawn general fund at the year-end of £133,463.

The AMAR International Charitable Foundation

Trustees' Report for the year ended 31 December 2019

Restricted funds brought forward from year ended 2018 together with new restricted funding has been utilised during the year ended December 2019 for their relevant purposes - at the 31 December 2019, restricted funds carried forward totalled £533,544 (2018 - £1,744,832).

The trustees believe it is appropriate to prepare the financial statements on this basis since:

- steps have been taken that will address the unrestricted funds deficit;
- there is donor and creditor support which ensures AMAR's financial viability and cash flow;
- AMAR has implemented a fiscal recovery plan which has already reduced costs, addresses the reserves deficit, and settlement of liabilities.

The trustees are of the opinion that the full effects of the fiscal recovery plan will be seen over the course of the next 2 to 3 years.

RESERVES POLICY

Reserves are required to meet the working capital requirements of the charity. The trustees aim to hold general reserves equivalent to 2-3 months' administrative costs. The trustees acknowledge the negative reserves - with the support of a major donor and the implementation of a fiscal recovery policy it is intended that the negative reserves will be cleared over a maximum of the next 5 years.

PLANS FOR FUTURE PERIODS

AMAR will remain heavily involved in providing essential charitable support in Iraq and will continue to identify additional ways to help those affected. In addition, AMAR will continue providing development projects around the country which focus upon long term capacity-building and institution-building in public health and education in Iraq.

Elsewhere in the Middle East, as well as Europe and Africa, AMAR will continue its existing presence and development of new charitable operations based around a 5-year strategic plan.

It should be noted that AMAR's plans for 2020 (and by default subsequent years) have been impacted by Covid-19. The economic impact of Covid-19 is such that key donors have temporarily suspended contributions necessitating AMAR to radically cut costs – this has initially involved staff redundancies and salary reductions but is likely to also involve office space reduction.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The AMAR International Charitable Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to;

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the

The AMAR International Charitable Foundation

Trustees' Report
for the year ended
31 December 2019

Trustees' responsibilities cont'd

The trustees are responsible for keeping proper accounting records that 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 also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other Irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006. Approved by the Board and signed on its behalf by:



Baroness Nicholson of Winterbourne (Chairman)
Trustee

Date: 30 DEC 2020

Independent Auditor's Report to the Members of The AMAR International Charitable Foundation

Qualified opinion

We have audited the financial statements of The AMAR International Charitable Foundation (the 'charity') for the year ended 31 December 2019, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its results 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 qualified opinion

At the year end, the charity had cash balances at various project locations in Iraq of £49,999. We were unable to obtain sufficient appropriate audit evidence in relation to these balances, as the component auditors were unable to physically verify these funds due to security concerns in Iraq. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Emphasis of matters

We draw attention to note 12 of the financial statements, which describes provisions in relation to a fraud in Iraq. Our opinion is not modified in respect to this matter.

We also draw attention to the transfers part of note 20 of the financial statements, which describes a donor's decision to amend the restriction attached to their original donation. Our opinion is not modified in respect to this matter.

Further, we draw your attention to the going concern policy of note 2 of the financial statements, that explains why the going concern basis is appropriate for the preparation of the accounts. Our opinion is not modified in respect to this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of The AMAR International Charitable Foundation

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 3), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of The AMAR International Charitable Foundation

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.

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

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

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

Use of our report

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



Timothy Sullivan FCA (Senior Statutory Auditor)
for and on behalf of Field Sullivan Limited, Statutory Auditors
70 Royal Hill
Greenwich SE10 8RF

Field Sullivan Limited Registered in England no. 8024052

31/12/20

The AMAR International Charitable Foundation

Statement of Financial Activities
(including Income and Expenditure Account)
for the year ended
31 December 2019

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Restricted Funds £	Unrestricted Funds £	Total Funds 2018 £
Incoming resources							
Incoming resources from generated funds							
Voluntary income	3	1,890,608	117,384	2,007,992	3,581,899	56,037	3,637,936
Activities for generating funds	4	-	-	-	-	155,857	155,857
Income resources from charitable activities	5	-	96,033	96,033	-	40,107	40,107
Total incoming resources		<u>1,890,608</u>	<u>213,417</u>	<u>2,104,025</u>	<u>3,581,899</u>	<u>252,001</u>	<u>3,833,900</u>
Expenditure on:							
Raising funds	6	-	15,569	15,569	-	178,863	178,863
Charitable activities	6	1,907,169	589,108	2,496,277	4,981,880	1,029,371	6,011,251
Total expenditure		<u>1,907,169</u>	<u>604,677</u>	<u>2,511,846</u>	<u>4,981,880</u>	<u>1,208,234</u>	<u>6,190,114</u>
Net movement in funds before transfers		(16,561)	(391,260)	(407,821)	(1,399,981)	(956,233)	(2,356,214)
Transfers							
Gross transfers between funds	20	<u>(1,194,727)</u>	<u>1,194,727</u>	<u>-</u>	<u>85,455</u>	<u>(85,455)</u>	<u>-</u>
Net movements in funds		(1,211,288)	803,467	(407,821)	(1,314,526)	(1,041,688)	(2,356,214)
Reconciliation of funds							
Total funds brought forward		1,744,832	(936,930)	807,902	3,059,358	104,758	3,164,116
Total funds carried forward		<u>533,544</u>	<u>(133,463)</u>	<u>400,081</u>	<u>1,744,832</u>	<u>(936,930)</u>	<u>807,902</u>

All of the charity's activities derive from continuing operations during the above two periods.

The AMAR International Charitable Foundation

Company registration number: 03066579

Balance sheet
as at
31 December 2019

	Note	2019	2018
		£	£
Fixed assets			
Tangible assets	9	23,105	34,975
Current assets			
Debtors	10	435,749	438,199
Cash at bank and in hand		320,455	526,602
Total current assets		<u>756,204</u>	<u>964,801</u>
Creditors: amounts falling due within one year	11	<u>(304,911)</u>	<u>(143,726)</u>
Net current assets/(liabilities)		451,293	821,075
Provisions	12	(74,317)	(48,148)
Net assets	19	<u>400,081</u>	<u>807,902</u>
The funds of the charity:			
Restricted funds		533,544	1,744,832
Unrestricted funds:			
Designated		-	-
General fund		(133,463)	(936,930)
Total unrestricted funds		(133,463)	(936,930)
Total charity funds	20	<u>400,081</u>	<u>807,902</u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard applicable in the UK and republic of Ireland (FRS102) (effective 1 January 2015).

The financial statements on pages 10 to 26 were approved by the trustees, and authorised for issue on 30.12.20 and signed on their behalf by:



Baroness Nicholson of Winterbourne (Chairman)
Trustee

The AMAR International Charitable Foundation
Company registration number: 03066579

Cash flow statement
for the year ended
31 December 2019

	Note	2019 £	2018 £
Net cash flow from operating activities	17	(200,931)	(1,395,200)
Returns on investment and servicing of finance		-	-
Purchase of tangible fixed assets		(5,216)	-
Increase/(decrease) in cash		<u>(206,147)</u>	<u>(1,395,200)</u>
Opening cash and cash equivalents		526,602	1,921,802
Closing cash and cash equivalents		<u>320,455</u>	<u>526,602</u>

The AMAR International Charitable Foundation

Notes to the accounts
for the year ended
31 December 2019

1 Charity status

The charity is limited by guarantee, incorporated in , and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

The address of its principal office is:

80 Petty France
London
SW1H 9EX

These financial statements were authorised for issue by the trustees on 30 DEC 2019.

The presentation currency is £ sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

The AMAR International Charitable Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The reasoning behind the ability to utilise the going concern basis is based on the following:

- steps have been taken to address the issues giving rise to the unrestricted funds deficit;
- there is donor and creditor support which ensures AMAR's financial viability and cash flow;
- AMAR has implemented a fiscal recovery plan which has already reduced costs, addresses the reserves deficit, and settlement of liabilities.

Income and endowments

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

The AMAR International Charitable Foundation

Notes to the accounts
for the year ended
31 December 2019

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 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.

Tangible fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The AMAR International Charitable Foundation

Notes to the accounts
for the year ended
31 December 2019

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Leasehold and other interests in land and buildings	Over 46 months
Fixtures, fittings and equipment	25% Reducing balance

As part of the work that AMAR International Charitable Foundation carries out, the charity will from time to time acquire equipment as part of the cost of a project. Any amounts paid by the charity for equipment are written off in the year of purchase as part of the cost of the project. Whilst this treatment may not follow strict accounting standards it is considered reasonable taking account of the projects being carried out. When the charity ceases to be involved with the project, equipment may be handed over to another party looking after the project, moved to another project, sold with the proceeds returned to general funds, or returned to the donor.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

The AMAR International Charitable Foundation

Notes to the accounts
for the year ended
31 December 2019

Distribution to overseas programme and foreign exchange rates

The actual income received locally in Iraq, Lebanon and Yemen and costs expended in Iraq, Lebanon and Yemen, as audited by the local auditors, have been reported in these accounts at the average rate of exchange for the year. The balance held overseas has been included in the balance sheet at the year end rate.

Foreign exchange gains and losses are charged to the projects through the income and expenditure account.

Operating lease

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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3 Voluntary income

	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Donations and legacies				
Appeals and donations	-	117,384	117,384	266,640
Grants				
Grants and donations for Iraq programmes	1,890,608	-	1,890,608	3,371,296
	<u>1,890,608</u>	<u>117,384</u>	<u>2,007,992</u>	<u>3,637,936</u>

4 Activities for generating funds

	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Operating activities				
Fundraising events	-	-	-	155,857
	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,857</u>

5 Incoming resources from charitable activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Charitable activities				
Fundraising events	-	-	-	167
Rents and charges receivable	-	39,750	39,750	39,940
Consultancy income	-	6,380	6,380	-
Other income	-	49,903	49,903	-
	<u>-</u>	<u>96,033</u>	<u>96,033</u>	<u>40,107</u>

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6 Total resources expended		Operating activities	Charitable activities	Total 2019 £	Total 2018 £
Direct costs	Note				
Fundraising costs		15,569	-	15,569	67,851
(Profit)/loss on foreign currency		-	27,570	27,570	3,540
UK staff cost		-	354,933	354,933	452,800
Staff NIC (Employers)		-	35,468	35,468	44,204
Staff pensions		-	8,772	8,772	9,369
Conferences and workshops		-	-	-	-
Operating leases, rent of premises		-	104,810	104,810	250,086
Administration, travel and subsistence		-	192,643	192,643	289,455
Financial assistance and advice		-	38,397	38,397	40,047
Iraq office costs		-	365,370	365,370	462,708
The audit of the charity's annual accounts		-	6,200	6,200	6,200
Auditors remuneration - non audit work		-	1,800	1,800	1,600
Audit of overseas operation		-	17,896	17,896	27,007
Legal and professional		-	100,658	100,658	118,499
Health care		-	10,255	10,255	1,060,382
Education and reconciliation		-	583,745	583,745	553,746
Emergency aid		-	302,369	302,369	625,381
Other aid		-	190,032	190,032	1,791,188
Bad debt provision		-	109,294	109,294	337,903
Fraud in Iraq	12	-	46,065	46,065	48,148
		<u>15,569</u>	<u>2,496,277</u>	<u>2,511,846</u>	<u>6,190,114</u>

7 Trustee remuneration and expenses

No trustees received any remuneration or expenses during the year (2018: £nil).

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2018: nil).

8 Staff costs and numbers

	2019 £	2018 £
Staff costs were as follows:		
Salaries and wages	347,373	417,838
Social Security costs	35,468	44,204
Pension costs	8,772	9,368
Redundancy	-	11,500
Recruitment costs	4,200	20,004
Other staff costs	3,360	3,459
Total	<u>399,173</u>	<u>506,373</u>

The average number of employees during the year was as follows:

	2019 No.	2018 No.
Overseas charitable activities	30	58
UK administration	7	10
Total	<u>37</u>	<u>68</u>

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Pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £8,772 (2018 - £9,369).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Senior employees

During the year, the number of senior employees who received emoluments falling within the following ranges were:

	2019 No.	2018 No.
£60,000 to £70,000	1	2
£70,000 to £80,000	1	1
£80,000 to £90,000	1	-
	<u>3</u>	<u>3</u>

In addition to the above employees, AMAR's charitable activities are provide by a further 136 (2018 - 297) Iraqi nationals who, not being employees, are however, in receipt of a stipend to cover their expenses incurred in relation to the work they carry out.

9 Tangible fixed assets

	Long leasehold and other interests in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2019	102,489	108,477	210,966
Additions	-	5,216	5,216
Disposals	(102,489)	-	(102,489)
At 31 December 2019	<u>-</u>	<u>113,693</u>	<u>113,693</u>
Accumulated depreciation			
At 1 January 2019	96,830	79,161	175,991
Charge for the year	5,659	11,427	17,086
Disposals	(102,489)	-	(102,489)
At 31 December 2019	<u>-</u>	<u>90,588</u>	<u>90,588</u>
Net book value			
At 31 December 2019	<u>-</u>	<u>23,105</u>	<u>23,105</u>
At 31 December 2018	<u>5,659</u>	<u>29,316</u>	<u>34,975</u>

10 Debtors

	2019 £	2018 £
Trade debtors	29,325	123,150
Other debtors	44,901	222,962
Prepayments and accrued income	361,523	92,087
	<u>435,749</u>	<u>438,199</u>

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11 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	126,417	74,507
Other creditors	42,489	43,772
Accruals and deferred income	136,005	25,447
	<u>304,911</u>	<u>143,726</u>

12 Provisions

	2019 £	2018 £
Brought forward	48,148	-
New provisions	46,065	48,148
Provisions released as reimbursed during the year	(20,740)	-
Foreign exchange movement	844	-
Carried forward	<u>74,317</u>	<u>48,148</u>

Fraud in Iraq

The trustees have made provision for their best estimate of the level of fraud arising from misappropriation of funds by former senior management in Iraq, this is based on supplier, subcontractor and employee claims made to date, and an estimate in relation to those that are still possible.

There is also a potential liability of between US\$100,000 to US\$200,000 in respect of amounts misappropriated, from US Department of State funded projects, by the former senior management in Iraq; at present the exact amount cannot be quantified as it is dependent on a claim being made by the US Department of State against AMAR. No provision is being made for this amount, as the associated income of US\$208,031 that was due to fund this expenditure has not yet been received, and is instead being provided against. The trustees consider that this is the maximum level owed under these contracts.

The trustees are considering taking legal redress against the perpetrators of the fraud.

Additional provisions arising in year

The following items during the year have been quantified and need to be provided for as a result of misappropriation of funding by former senior management in Iraq.

	2019 US\$	2018 US\$
Stipends and salaries	-	65,000
Unauthorised employee loan (*)	28,000	-
Insurance payment in Iraq	15,000	-
Al Zubair reverse Osmosis project	9,000	-
Al Naswa air conditioning	9,600	-
	<u>61,600</u>	<u>65,000</u>

* This provision was released in the year

13 Contingent Asset

As a result of the robust investigations undertaken into the fraud in Iraq, it is the trustees view that legal action for financial restitution, in full or in part, would be successful. The amount has not yet been quantified nor action commenced and accordingly no asset has been recognised in these financial statements.

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14 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

15 Operating lease commitments

As at 31 December 2019 the charity had total commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Land and Buildings	
	2019	2018
	£	£
Within two and five years	228,920	-

16 Analysis of cash flows

	2019	2018
	£	£
Returns on investment and servicing of finance		
Interest received	-	-

17 Reconciliation of net movements in funds to operating cash flows

	2019	2018
	£	£
Net incoming/(outgoing) resources	(407,821)	(2,356,214)
Investment income	-	-
Depreciation, amortisation and impairment charges	17,086	80,403
Decrease/(Increase) in debtors	2,450	1,509,405
(Decrease)/Increase in creditors	161,185	(676,942)
Increase/(Decrease) in provisions	26,169	48,148
Net cash inflow/(outflow) from operating activities	(200,931)	(1,395,200)

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18 Related parties

Controlling entity

The charity is controlled by its trustees.

Related party transactions

Damon Parker (a trustee of the Charity) is a director of the Iraq Britain Business Council (IBBC), a company limited by guarantee, which aims to promote business between Iraq and Britain. IBBC is a sub-tenant of The AMAR International Charitable Foundation and has been invoiced for the space occupied. AMAR also recharges IBBC for staff time spent on IBBC work. All these transactions have been made on an arm's length basis. IBBC provide working capital in Iraq of \$60,000. Details are shown below.

	2019 £	2018 £
Staff services and overheads charged to:		
IBBC	<u>82,593</u>	<u>48,533</u>
Due at the year end to:		
IBBC	<u>28,277</u>	<u>34,106</u>

19 Analysis of net assets between funds

	Restricted Funds £	General Funds £	Total Funds £
2019			
Tangible fixed assets	-	23,105	23,105
Current assets	533,544	222,660	756,204
Current liabilities	-	(304,911)	(304,911)
Provisions	-	(74,317)	(74,317)
Net assets at 31 December 2019	<u>533,544</u>	<u>(133,463)</u>	<u>400,081</u>
	Restricted Funds £	General Funds £	Total Funds £
2018			
Tangible fixed assets	-	34,975	34,975
Current assets	1,744,832	(780,031)	964,801
Current liabilities	-	(143,726)	(143,726)
Provisions	-	(48,148)	(48,148)
Net assets at 31 December 2018	<u>1,744,832</u>	<u>(936,930)</u>	<u>807,902</u>

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20 Movements in funds

	At 1 January 2019 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 December 2019 £
2019					
<i>Restricted funds:</i>					
AMAR Cancer	-	50,000	-	-	50,000
APPG	29,630	-	-	-	29,630
Coco Cola	-	5,730	(8,544)	2,814	-
EMIR Hospital fund	1,289,442	111,111	-	(1,289,442)	111,111
Escaping Darkness	-	30,000	(4,824)	-	25,176
GIZ	315,777	-	(101,533)	-	214,244
Harbourne- Garden	9,325	-	(6,600)	-	2,725
IDP Camps	-	233,031	(302,369)	69,338	-
Iranian Refugees	6,400	-	-	-	6,400
Lebanon	-	-	(5,333)	5,333	-
NI Group Fund	30,531	-	-	-	30,531
Romania	-	7,407	(11,081)	3,674	-
ROO - Education	-	593,159	(593,159)	-	-
ROO - Health	-	173,004	(173,004)	-	-
ROO - Other	-	30,075	(30,075)	-	-
Water in School - Mitsubishi	-	-	(13,556)	13,556	-
Yazidi Music	-	174,321	(174,321)	-	-
Yemen fund	63,727	-	(20,000)	-	43,727
Zain fund	-	462,770	(462,770)	-	-
Zeldin	-	20,000	-	-	20,000
	<u>1,744,832</u>	<u>1,890,608</u>	<u>(1,907,169)</u>	<u>(1,194,727)</u>	<u>533,544</u>
<i>Unrestricted funds</i>					
General fund	(936,930)	213,417	(604,677)	1,194,727	(133,463)
	<u>(936,930)</u>	<u>213,417</u>	<u>(604,677)</u>	<u>1,194,727</u>	<u>(133,463)</u>
	<u>807,902</u>	<u>2,104,025</u>	<u>(2,511,846)</u>	<u>-</u>	<u>400,081</u>

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	At 1 January 2018 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 December 2018 £
2018					
Restricted funds:					
APPG	-	29,630	-	-	29,630
Coco Cola	-	16,976	(16,976)	-	-
EU - CRD	-	(30,514)	5,135	25,379	-
Garda WHVs fund	-	-	(13,667)	13,667	-
GIZ	-	315,777	-	-	315,777
Harbourne- Garden	23,191	-	(13,866)	-	9,325
IDP Camps	356,277	388,450	(744,727)	-	-
Iranian Refugees	6,400	-	-	-	6,400
LDS Projects	-	136,009	(136,009)	-	-
Lebanon	-	-	(8,944)	8,944	-
Mending Broken Hearts	-	11,732	(18,275)	6,543	-
NI Group Fund	30,531	-	-	-	30,531
Romania	-	28,131	(28,131)	-	-
ROO - Education	-	528,862	(528,862)	-	-
ROO - Health	-	215,182	(215,182)	-	-
ROO - Infrastructure	666,326	592,247	(1,258,573)	-	-
Shell Contract - Health	-	13,267	(13,267)	-	-
State of Kuwait fund	1,811,593	91,685	(613,836)	-	1,289,442
Us Office - Conduit Funding	69,502	405,698	(554,428)	79,228	-
US Office - Education	-	-	(30,922)	30,922	-
US Office - Escaping Darkness	13,817	334,277	(268,866)	(79,228)	-
Water in School - Mitsubishi	17,994	32,268	(50,262)	-	-
Yemen fund	63,727	-	-	-	63,727
Zain fund	-	472,222	(472,222)	-	-
	<u>3,059,358</u>	<u>3,581,899</u>	<u>(4,981,880)</u>	<u>85,455</u>	<u>1,744,832</u>
Unrestricted funds					
General fund	104,758	252,001	(1,208,234)	(85,455)	(936,930)
	<u>104,758</u>	<u>252,001</u>	<u>(1,208,234)</u>	<u>(85,455)</u>	<u>(936,930)</u>
	<u>3,164,116</u>	<u>3,833,900</u>	<u>(6,190,114)</u>	<u>-</u>	<u>807,902</u>

Transfers

With the exception of the EMIR Hospital fund (see below), these transfers represent excess spend on restricted projects being funded from the general reserve.

A major donor who contributed to the EMIR Hospital fund (formerly the State of Kuwait fund), agreed last year that these funds could in the short term be used to support AMAR's cash flow after the fraud. The donor has now agreed that as the imaging suite they originally donated the funds towards has been funded by another donor, their funds can be utilised in relation to the wider charitable activities that AMAR have undertaken since becoming victim to the fraud. This has resulted in a transfer between the EMIR Hospital fund and the general reserve of £1,289,442.

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Description of restricted funds

AMAR Cancer fund - to provide cancer screening services in Basra.

APPG fund – to enable research into prevention of sexual violence in conflict.

Coca Cola fund – to promote water saving and improved water quality in Iraq.

GIZ fund – to rehabilitate education / training centres in Iraq and provide relevant support, etc.

Harbourne Garden fund - so that children would be able to have the experience of horticulture activities.

IDP Camps fund - to provide health services and education to IDP's in various camps in KRG primarily Khanke and Essyan.

Iranian Refugees fund - to collect donations to assist Iranian refugees or re-establish charitable activities in Iran.

Lebanon fund - towards cost of providing humanitarian services like health care and education for Lebanese people.

NI Group fund - was set up for medical care, social care and general assistance of the Iraqi citizen Shams Hisham.

Romania fund – this fund was set up to support the ACHLG programme in Romania

ROO Education fund - to provide education and skills training centres in Iraq and provide relevant support etc.

ROO Health fund - to provide health services to communities local to ROO operations.

ROO Other - to support small scale projects within communities local to ROO operations.

EMIR Hospital fund (formerly State of Kuwait Fund) - was set up to build, furnish, equip and operate a small charitable surgical hospital plus supporting services.

Escaping Darkness fund - to provide psychological support to displaced people in Northern Iraq.

Water in School (Mitsubishi) fund - was set up to improve water quality and availability in schools.

Yazidi Music fund - to support the recording and promotion of teaching of music, poetry etc. of the Yazidi population.

Africa fund (formerly Yemen fund) - to improve the health of the population of Africa, originally the focus was to be on Yemen.

Zain fund - to provide Iraqi-based support for AMAR's humanitarian work in Baghdad and across Iraq.

Zeldin fund - to facilitate fundraising to assist health and educational charitable activities in countries of operation.

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21 Unrestricted reserves

The negative unrestricted reserves have arisen primarily due to the costs associated with the investigation of and provisions associated with the fraudulent activity perpetrated on AMAR.

- steps have been taken to address the issues giving rise to the unrestricted funds deficit;
- there is donor and creditor support which ensures AMAR's financial viability and cash flow;
- AMAR has implemented a fiscal recovery plan which has already reduced costs, addresses the reserves deficit, and settlement of liabilities.

22 Non adjusting post balance sheet event - COVID 19

It should be noted that AMAR's plans for 2020 (and by default subsequent years) have been impacted by Covid-19. The economic impact of Covid-19 is such that key donors have temporarily suspended their contributions necessitating AMAR having to cut operating costs – this has involved staff redundancies and salary reductions and is expected to also involve an office space reduction.