

COMPANY REGISTRATION NUMBER 5314721

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 DECEMBER 2011**

Charity Number 1112388



INGER & COMPANY
Chartered Accountants
7 Redbridge Lane East
Redbridge, Ilford
Essex IG4 5ET

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

**TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2011**

THE ARAB ANTI-CORRUPTION ORGANISATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

The trustees, who are also directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 December 2011

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The Arab Anti-Corruption Organisation
Charity registration number	1112388
Company registration number	5314721
Registered office	7 Redbridge Lane East Ilford Essex IG4 5ET

THE TRUSTEES

The trustees who served the charity during the period were as follows

Dr S El-Hoss (Director)
Dr A Bishara
Dr G Corm (Director)
Dr A Fakhro
Dr N Fergany
Dr H Hammouri
Dr T Kanaan (Director)
A M Al-Nibari (Director)
A Obeidat
Dr I Al-Shatti (Director)
T Abu Gazala
Dr R Benmassoud
Dr E Al-Kutibi
M F Zayan
Dr D Khairallah
Dr J Matar
Dr M Marzouk

Dr D Khairallah was appointed as a trustee on 1 April 2011

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout the report are collectively referred to as the trustees

Secretary Dr G Corm

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Arab-Anti Corruption Organisation is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16 December 2004 as amended by written

THE ARAB ANTI-CORRUPTION ORGANISATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

resolution dated 10 November 2005 It is registered as a charity with the Charity Commission

The charity is structured along the following lines:

- 1) A Board of Trustees that includes a number of scholars and public figures, acting as the governing body.
- 2) A Board of Directors charged with the management responsibility of the charity, according to policy directives drawn and approved by the Board of Trustees
- 3) A team of management and administration staff, headed by the Secretary General

TRUSTEES

The Trustees are appointed for life When the need arises, new trustees would be elected by the directors

Trustee induction and training

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and the decision making processes and recent and projected financial performance of the charity

RISK MANAGEMENT

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to monitor and control these risks to mitigate any impact they may have on its activities

OBJECTIVES AND ACTIVITIES

The charity seeks to promote good governance and democratic values in the Arab world The principal activity of the charity during the period was the advancement of public education in the context of promoting Democracy in Arab Society by

- (a) undertaking, commissioning, promoting and publishing research into all aspects of corruption in Arab public life and its effect of people's lives,
 - (b) promoting awareness of the public and interest in the importance of anti-corruption activities and the role of Arab citizens in exposing, preventing and eliminating corruption;
 - (c) promoting awareness of the importance of transparency, free exchange of ideas and information, democracy, good governance and public accountability preventing and eliminating corruption,
 - and
 - (d) identifying structural deficiencies in the systems of accountability in Arab governments
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THE ARAB ANTI-CORRUPTION ORGANISATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

ACHIEVEMENTS AND PERFORMANCE

AACO continued its activities in 2011 and these are summarised under the following headings

1. Seminars, Meetings and Workshops

- AACO's annual seminar was held in Beirut on 22-23 September 2011 under the title "Private Sector in Sustainable Development and Governance in the Arab Countries". The seminar was attended by a large number of Arab Economists and specialists in this field

2. Participation in international conferences

AACO participated in the following regional and international conferences, workshops and seminars

- "Toward an Arab Democracy Charter", Workshop for community of Democracies Non-Governmental process organised by The Arab Democracy Foundation Doha 9-10 January 2011
 - "Seventh Forum for the Future" Organised jointly by the Arab Democracy Foundation and the Council for Community of Democracies Doha 11 January 2011
 - "The Arab Agenda for the 21st Century" organised by The Arab Centre for Research and Policy Studies, in cooperation with The Arab Anti-Corruption Organisation in Beirut 14-15 January 2011
 - "The Right to Work and the Right for Education" preliminary group discussion workshop organised by the Lebanese Transparency Association Beirut on 11 September 2011
 - "The Regional Conference on Economic and Social Rights in the light of the Global Crises – Is there a need for an alternative vision in the Arab Area?" Organised by the Arab Network of NGOs Beirut 6-7 January 2011
 - "Evaluating the Fight against Corruption" Training Seminar organised by UNDP/-POGAR , Beirut 29-30 March 2011
 - "Mechanisms for the transfer from Civil Activities to Institutional Reform" Workshop organised by The Lebanese Transparency Association Beirut May 10, 2011
 - "Public Finance in Lebanon Between structural deficiencies and strategic options". Seminar Organised by the Civil Society for Fighting Corruption in Lebanon Beirut 11-15 June 2011
 - "Transparency, Accountability and Participation" Workshop seminar on promoting good governance in Iraq Organised by the World Bank Beirut 16-17 November 2011
 - "The Rule of Law in Lebanon" National Workshop organised by the Arab Centre for the rule of Law and Integrity Beirut 30 November 2011
 - "Preparing for Rio 20" Consultative Regional meeting organised by The Arab Network of NGOs in association with UN-ECWA Beirut 12-14 October 2011
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THE ARAB ANTI-CORRUPTION ORGANISATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

The above is a partial list of the conferences, workshops and training seminars attended by AACO during 2011

3. Publications and Media

- "The proceedings of our annual conference on the role of the media were published in 2011 under the title "The role of the Media in the reform process in the Arab countries" Publisher CAUS, Beirut 2011
- Additional contributions were published by AACO researchers and appeared in various newspapers and conference material
- AACO continued in publishing its electronic News Sheet "Transparency" which appears periodically on its website and is distributed electronically

FINANCIAL REVIEW

The charity's income was generated from voluntary contributions from well-wishers of the charity

The deficit for year amounted to US \$136,427 (2010 - US \$9,465)

Reserves

The charity is dependent upon the support of its well wishers. It is the trustees' intention to build up reserves to a level which will permit continuation of the charity's activities for a period of at least 6 to 12 months without seeking further contributions or donations

PLANS FOR FUTURE PERIODS

Seminars, Conferences and Workshops

AACO will continue its core activity of promoting transparency and good governance in the Arab world through its various educational programmes and publications

INDEPENDENT EXAMINER

R C Patel, FCA FCCA has been re-appointed as independent examiner for the ensuing year

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
7 Redbridge Lane East
Ilford
Essex IG4 5ET

Signed on behalf of the trustees


DR G CORM
Trustee

20/9/12

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2011

The trustees (who are also the directors of the Arab Anti-Corruption Organisation for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and 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 the 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,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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. The trustees 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

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF THE
ARAB ANTI-CORRUPTION ORGANISATION**

YEAR ENDED 31 DECEMBER 2011

I report on the accounts of the charity for the year ended 31 December 2011 set out on pages 10 to 18

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND INDEPENDENT EXAMINER

The charity's trustees (who are also the directors of the Arab Anti-Corruption Organisation for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under section 43(2) of the Charities Act 1993 (the 1993 Act), as amended by section 28 of the Charities Act 2006) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to

- examine the accounts (under section 43(3)(a) of the 1993 Act, as amended),
- to follow the procedures laid down in the General Directions given by the Charity Commission (under section 43(7)(b) of the 1993 Act, as amended), and
- to state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S STATEMENT

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on whether the accounts present a 'true and fair view'.

INDEPENDENT EXAMINER'S STATEMENT

In connection with my examination, no matter has come to my attention

(1) which gives me reasonable cause to believe that in any material respect the trustees have not met the requirements to ensure that

- proper accounting records are kept (in accordance with section 386 of the Companies Act 2006), and
- accounts are prepared which agree with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF THE
ARAB ANTI-CORRUPTION ORGANISATION *(continued)***

YEAR ENDED 31 DECEMBER 2011

R C Patel, FCA FCCA
Independent examiner



24/9/12

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE
INCOME AND EXPENDITURE ACCOUNT)**

YEAR ENDED 31 DECEMBER 2011

	Note	Total Funds 2011 US \$	Total Funds 2010 US \$
INCOMING RESOURCES			
Incoming resources from generating funds			
Voluntary income	2	166,071	182,027
Investment income	3	3,271	4,773
Other incoming resources	4	3,637	48,466
TOTAL INCOMING RESOURCES		<u>172,979</u>	<u>235,266</u>
RESOURCES EXPENDED			
Costs of generating funds			
Costs of generating voluntary income	5	(164,551)	(180,761)
Charitable activities	6/7	(140,364)	(53,129)
Governance costs	8	(4,491)	(10,841)
TOTAL RESOURCES EXPENDED		<u>(309,406)</u>	<u>(244,731)</u>
NET OUTGOING RESOURCES FOR THE YEAR/NET EXPENDITURE FOR THE YEAR	10	(136,427)	(9,465)
RECONCILIATION OF FUNDS			
Total funds brought forward		124,438	133,903
TOTAL FUNDS CARRIED FORWARD		<u>(11,989)</u>	<u>124,438</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore
a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 13 to 18 form part of these financial statements

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 US \$	US \$	2010 US \$	US \$
FIXED ASSETS					
Tangible assets	13		13,806		16,405
CURRENT ASSETS					
Debtors	14	2,279		4,164	
Cash at bank and in hand		24,558		143,568	
		26,837		147,732	
CREDITORS: Amounts falling due within one year	15	(14,972)		(12,167)	
NET CURRENT ASSETS			11,865		135,565
TOTAL ASSETS LESS CURRENT LIABILITIES			25,671		151,970
PROVISIONS FOR LIABILITIES					
Other provisions	16		(37,660)		(27,532)
NET (LIABILITIES)/ASSETS			(11,989)		124,438
FUNDS					
Unrestricted income funds	17		(11,989)		124,438
TOTAL FUNDS			(11,989)		124,438

The trustees are satisfied that the charity is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The trustees acknowledge their responsibilities for

- (i) ensuring that the charity keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charity

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The Balance sheet continues on the following page.

The notes on pages 13 to 18 form part of these financial statements

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET *(continued)*

31 DECEMBER 2011

These financial statements were approved by the members of the committee on the 24/9/12
and are signed on their behalf by

DR G CORM

Company Registration Number 5314721

The notes on pages 13 to 18 form part of these financial statements

THE ARAB ANTI-CORRUPTION ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts

Fixed assets

All fixed assets are initially recorded at cost

Currency designation

These accounts are presented in US dollars

Exchange rates at 31 December

2010 US\$1 = Lebanese £1,491 (2009 - LBP 1,491)
= UK £0 646 (2009 - UK£ 0 620)

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

2. VOLUNTARY INCOME

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Donations			
Donations and contributions receivable	<u>166,071</u>	<u>166,071</u>	<u>182,027</u>

3. INVESTMENT INCOME

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Bank interest receivable	<u>3,271</u>	<u>3,271</u>	<u>4,773</u>

4. OTHER INCOMING RESOURCES

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Sales of production	3,637	3,637	22,036
Profits on projects	—	—	26,430
	<u>3,637</u>	<u>3,637</u>	<u>48,466</u>

5. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Support costs	<u>164,551</u>	<u>164,551</u>	<u>180,761</u>

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Seminar costs	<u>140,364</u>	<u>140,364</u>	<u>53,129</u>

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Seminar costs	<u>140,364</u>	<u>140,364</u>	<u>53,129</u>

8. GOVERNANCE COSTS

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	US \$	US \$	US \$
Legal and professional fees	<u>3,490</u>	<u>3,490</u>	10,841
Costs of trustees' meetings	<u>1,001</u>	<u>1,001</u>	—
	<u>4,491</u>	<u>4,491</u>	<u>10,841</u>

9. ANALYSIS OF SUPPORT COSTS

	2011	Total 2010
	US \$	US \$
Staff costs	<u>110,690</u>	108,888
Premises	<u>21,177</u>	20,208
Legal and professional	—	14,435
Finance costs	<u>761</u>	735
Depreciation	<u>2,599</u>	3,588
Foreign currency gain/loss	<u>9</u>	316
IT and communication costs	<u>6,991</u>	5,870
Transport and hospitality	<u>13,984</u>	17,576
Sundry office expenses	<u>8,340</u>	9,145
	<u>164,551</u>	<u>180,761</u>

10. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging

	2011	2010
	US \$	US \$
Depreciation	<u>2,599</u>	3,588
Exchange (gains)/losses	<u>9</u>	<u>316</u>

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

11. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2011	2010
	US \$	US \$
Wages and salaries	100,740	108,888
Social benefits	9,950	-
	<u>110,690</u>	<u>108,888</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

	2011	2010
	No	No
Number of administrative staff	<u>6</u>	<u>6</u>

No employee received remuneration of more than £60,000 during the year (2010 - Nil)

12. TRUSTEES' REMUNERATION

Trustees received no emoluments (2010 - Nil)

No expenses were incurred by the trustees

13 TANGIBLE FIXED ASSETS

	Plant and machinery etc. US \$
COST	
At 1 January 2011 and 31 December 2011	<u>78,591</u>
DEPRECIATION	
At 1 January 2011	62,186
Charge for the year	2,599
At 31 December 2011	<u>64,785</u>
NET BOOK VALUE	
At 31 December 2011	<u>13,806</u>
At 31 December 2010	<u>16,405</u>

**THE ARAB ANTI-CORRUPTION ORGANISATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

14. DEBTORS

	2011 US \$	2010 US \$
Other debtors	1,679	1,679
Prepayments	<u>600</u>	<u>2,485</u>
	<u>2,279</u>	<u>4,164</u>

15. CREDITORS: Amounts falling due within one year

	2011 US \$	2010 US \$
Bank loans and overdrafts	—	851
Tax and social security	3,305	3,700
Other creditors	<u>11,667</u>	<u>7,616</u>
	<u>14,972</u>	<u>12,167</u>

16 OTHER PROVISIONS

	2011 US \$	2010 US \$
Other provisions	<u>37,660</u>	<u>27,532</u>

17. UNRESTRICTED INCOME FUNDS

	Balance at 1 January 2011 US \$	Incoming resources US \$	Balance at 31 December 20 11 US \$
General Funds	<u>124,438</u>	<u>(136,427)</u>	<u>(11,989)</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets US \$	Other net assets/ (liabilities) US \$	Total US \$
Unrestricted Income Funds	<u>13,806</u>	<u>(25,795)</u>	<u>(11,989)</u>
Total Funds	<u>13,806</u>	<u>(25,795)</u>	<u>(11,989)</u>

**THE ARAB ANTI-CORRUPTION ORGANISATION
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

19. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken as are required to be disclosed under the Financial Reporting Standard for Smaller Entities (effective April 2008)

20. COMPANY LIMITED BY GUARANTEE

Trustees' liability is limited to UK £1 each (equivalent to US \$1 55 at the year end rate)