

COMPANY REGISTRATION NUMBER: 05314721

CHARITY REGISTRATION NUMBER: 1112388

The Arab Anti-Corruption Organisation
Company Limited by Guarantee
Unaudited Financial Statements
30 June 2017

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The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Financial Statements

Year ended 30 June 2017

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The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 30 June 2017

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 30 June 2017.

Reference and administrative details

Registered charity name	The Arab Anti-Corruption Organisation
Charity registration number	1112388
Company registration number	05314721
Principal office and registered office	7 Redbridge Lane East Ilford Essex IG4 5ET

The trustees

Dr A Bishara
Dr A Fakhro
Dr N Fergany
Dr M Hammouri
Dr T Kanaan (Director)
A M Al-Nibari (Director)
A Obeidat
Dr I Al-Shatti (Director)
Dr T Abu Gazala
Dr R Benmassoud
M F Zayan
Dr D Khairallah
Dr J Matar
Dr B Tabbara (Director)
Dr Y Makki
Dr H Haidar (Director)
Dr Z Baha'a El Din
Dr L Kamhawi
Dr O Tabbarah
Dr (Mrs) A Grami
Dr R El-Solh (Died 5 February 2017)

Company secretary Dr H Haidar

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2017

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 on 15 February 2010. 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.

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.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2017

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.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

As reported last year, AACO's activities were put on hold from 1 January 2016 until its financial difficulties are resolved. No substantive activities have been undertaken during the period to 30 June 2017. Minimum activities such as maintaining contact both with external agencies and the Trustees were pursued to allow and investigate possibilities to reactivate AACO.

Financial review

No activities were undertaken during the year.

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.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2017

Plans for future periods

As mentioned above, AACO's activities are currently suspended while the Trustees attempt to improve its financial situation to enable it to resume activities efficiently and securely.

It is the intention of the Trustees to exercise all efforts necessary to reactivate the organisation. This shall include structural reorganisation of the Board of Directors and membership of the organisation in General Assembly.

The trustees' annual report and the strategic report were approved on 26 March 2018 and signed on behalf of the board of trustees by:

Dr H Haidar (Director)
Trustee



The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

30 June 2017

		2017		2016
		Unrestricted	Total funds	Total funds
	Note	funds		
		\$	\$	\$
Income and endowments				
Donations and legacies	5	—	—	96,330
Investment income	6	—	—	182
Other income	7	—	—	(2,363)
Total income		—	—	94,149
Expenditure				
Expenditure on raising funds:				
Costs of raising donations and legacies	8	—	—	40,796
Costs of other trading activities	9	—	—	18,783
Expenditure on charitable activities	10,11	—	—	6,051
Total expenditure		—	—	65,630
Net income and net movement in funds		—	—	28,519
Reconciliation of funds				
Total funds brought forward		(40,668)	(40,668)	(69,187)
Total funds carried forward		(40,668)	(40,668)	(40,668)

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 9 to 17 form part of these financial statements.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Statement of Financial Position

30 June 2017

		Year to 30 Jun 17 \$	Period from 1 Jan 16 to 30 Jun 16 \$
Fixed assets			
Tangible fixed assets	17	1,129	1,129
Current assets			
Debtors	18	1,739	1,739
Cash at bank and in hand		28,313	28,313
		<u>30,052</u>	<u>30,052</u>
Creditors: amounts falling due within one year	19	<u>3,519</u>	<u>3,519</u>
Net current assets		<u>26,533</u>	<u>26,533</u>
Total assets less current liabilities		<u>27,662</u>	<u>27,662</u>
Provisions			
Other provisions	20	68,330	68,330
Net liabilities		<u>(40,668)</u>	<u>(40,668)</u>
Funds of the charity			
Unrestricted funds		(40,668)	(40,668)
Total charity funds	21	<u>(40,668)</u>	<u>(40,668)</u>

For the year ending 30 June 2017 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Trustees' responsibilities:

- The members have not required the charity to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 9 to 17 form part of these financial statements.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Statement of Financial Position *(continued)*

30 June 2017

These financial statements were approved by the board of trustees and authorised for issue on 26 March 2018, and are signed on behalf of the board by:

Dr H Haidar (Director)
Trustee

A handwritten signature in black ink, consisting of stylized initials 'HH' followed by a surname, all enclosed within a hand-drawn oval.

The notes on pages 9 to 17 form part of these financial statements.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 30 June 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Net income	–	28,519
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	–	2,032
Other interest receivable and similar income	–	(182)
Loss on disposal of tangible fixed assets	–	2,756
Accrued expenses	–	472
<i>Changes in:</i>		
Trade and other creditors	–	(10,613)
Provisions and employee benefits	–	(5,129)
Cash generated from operations	–	17,855
Interest received	–	182
Net cash from operating activities	–	18,037
Net increase in cash and cash equivalents	–	18,037
Cash and cash equivalents at beginning of year	28,313	10,276
Cash and cash equivalents at end of year	28,313	28,313

The notes on pages 9 to 17 form part of these financial statements.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 30 June 2017

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 7 Redbridge Lane East, Ilford, Essex IG4 5ET.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', 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 (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Currency designation

These accounts are presented in US dollars.

Exchange rates at 30 June 2017:

US\$1 = Lebanese £1,482 (31 June 2016 - LBP 1,485)

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are currently material uncertainties about AACO's ability to continue as an active organisation unless its financial resources improve.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Arab Anti-Corruption Organisation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	Various rates up to 100 %
Equipment	-	Various rates up to 50 %

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in income or expenditure unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in the statement of financial activities in the period it arises, and is allocated to the appropriate expenditure heading.

4. Limited by guarantee

Trustees' liability is limited to UK £1 each (equivalent to US \$1.30 at the year end rate).

5. Donations and legacies

	Unrestricted Funds \$	Total Funds 2017 \$	Unrestricted Funds \$	Total Funds 2016 \$
Donations				
Donations	—	—	96,330	96,330

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

6. Investment income

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	\$	\$	\$	\$
Bank interest receivable	—	—	182	182
	<u>—</u>	<u>—</u>	<u>182</u>	<u>182</u>

7. Other income

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	\$	\$	\$	\$
Gain (loss) on disposal of tangible fixed assets held for charity's own use	—	—	(2,756)	(2,756)
Sales of production	—	—	393	393
	<u>—</u>	<u>—</u>	<u>393</u>	<u>393</u>
	<u>—</u>	<u>—</u>	<u>(2,363)</u>	<u>(2,363)</u>

8. Costs of raising donations and legacies

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	\$	\$	\$	\$
Wages and salaries	—	—	25,814	25,814
Rent	—	—	13,234	13,234
Light and heat	—	—	362	362
Repairs and maintenance	—	—	1,386	1,386
	<u>—</u>	<u>—</u>	<u>40,796</u>	<u>40,796</u>

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

9. Costs of other trading activities

	Unrestricted Funds \$	Total Funds 2017 \$	Unrestricted Funds \$	Total Funds 2016 \$
Project: Conflict of interest in Government and State Officials	—	—	420	420
Project: Civil Society Organisations in the Arab World - The current situation and the Future Vision	—	—	350	350
Social benefits	—	—	6,351	6,351
Sundry office expenses	—	—	4,287	4,287
Transport and hospitality	—	—	5,444	5,444
Telephone and postage	—	—	1,368	1,368
Exchange (gains)/losses	—	—	19	19
Bank charges	—	—	421	421
Interest payable	—	—	123	123
	<u>—</u>	<u>—</u>	<u>18,783</u>	<u>18,783</u>

10. Expenditure on charitable activities by fund type

	Unrestricted Funds \$	Total Funds 2017 \$	Unrestricted Funds \$	Total Funds 2016 \$
Support costs	<u>—</u>	<u>—</u>	<u>6,051</u>	<u>6,051</u>

11. Expenditure on charitable activities by activity type

	Total funds 2017 \$	Total fund 2016 \$
Seminar costs	—	2,032
Governance costs	—	4,019
	<u>—</u>	<u>6,051</u>

The Arab Anti-Corruption Organisation

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

12. Analysis of support costs

	Total 2017	Total 2016
	\$	\$
Governance costs	–	4,019
Deoreciation	–	2,032
	<u>–</u>	<u>6,051</u>

13. Net income

Net income is stated after charging/(crediting):

	2017	2016
	\$	\$
Depreciation of tangible fixed assets	–	2,032
Loss on disposal of tangible fixed assets	–	2,756
	<u>–</u>	<u>–</u>

14. Independent examination fees

	Year to 30 Jun 17	Period from 1 Jan 16 to 30 Jun 16
	\$	\$
Fees payable to the independent examiner for:		
Independent examination of the financial statements	<u>1</u>	<u>1</u>

15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	Year to 30 Jun 17	Period from 1 Jan 16 to 30 Jun 16
	\$	\$
Wages and salaries	–	25,814
Social security costs	–	6,351
	<u>–</u>	<u>32,165</u>

The Arab Anti-Corruption Organisation

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

15. Staff costs *(continued)*

The average head count of employees during the year was Nil (2016: 3). The average number of full-time equivalent employees during the year is analysed as follows:

	2017 No.	2016 No.
Administration staff	<u>—</u>	<u>3</u>

No employee received employee benefits of more than £60,000 during the year (2016: Nil).

16. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

17. Tangible fixed assets

	Fixtures and fittings \$	Equipment \$	Total \$
Cost			
At 1 Jul 2016 and 30 Jun 2017	<u>1,601</u>	<u>5,579</u>	<u>7,180</u>
Depreciation			
At 1 Jul 2016 and 30 Jun 2017	<u>1,000</u>	<u>5,051</u>	<u>6,051</u>
Carrying amount.			
At 30 June 2017	<u>601</u>	<u>528</u>	<u>1,129</u>

No depreciation is charged on assets not in use.

18. Debtors

	2017 \$	2016 \$
Prepayments and accrued income	61	61
Other debtors	<u>1,678</u>	<u>1,678</u>
	<u>1,739</u>	<u>1,739</u>

The Arab Anti-Corruption Organisation

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2017

19. Creditors: amounts falling due within one year

	2017	2016
	\$	\$
Accruals and deferred income	3,069	3,069
Social security and other taxes	450	450
	<u>3,519</u>	<u>3,519</u>

20. Provisions

	User defined class 1 \$
At 1 July 2016 and 30 June 2017	<u>68,330</u>

21. Analysis of charitable funds

Unrestricted funds

	At 1 July 2016 and 30 June 2017 \$
General funds	<u>(40,668)</u>

22. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2017
	\$	\$
Tangible fixed assets	1,129	1,129
Current assets	30,052	30,052
Creditors less than 1 year	(3,519)	(3,519)
Provisions	<u>(68,330)</u>	<u>(68,330)</u>
Net liabilities	<u>(40,668)</u>	<u>(40,668)</u>

23. Related parties

No transactions with related parties were undertaken as are required to be disclosed under FRS 102.