

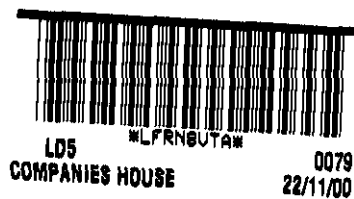
Aga Khan Foundation (United Kingdom)

Directors' report and financial  
statements

31 December 1999

Registered number 1100897

Registered Charity number 266518



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**Members of the Council**

His Highness The Aga Khan  
Prince Ayn Mohamed Aga Khan  
Maitre Andre Ardoin  
Guillaume de Spoelberch

**Secretary and registered office**

Habib Motani  
3 Cromwell Gardens  
London  
SW7 2HB

**Registered auditors**

KPMG  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

**Bankers**

Lloyds TSB Private Banking Limited  
50 Grosvenor Street  
London  
W1X 9FH

## Report of the Governing Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the financial statements for the year ended 31 December 1999.

### Principal activities

The company is a registered charity and an affiliate of the international Aga Khan Foundation. AKF (UK) also has a network of supporters in other countries of the European Union. Its principal activity is to promote and provide for the advancement of education, health and social welfare.

### Business review

AKF (UK) has maintained its ability to attract substantial grants for development and humanitarian programmes and continues to contribute policy lessons from AKF's global work.

### UK Programmes

The European Commission provided a Block Grant award, which was put towards small innovative initiatives on the theme of strengthening non-governmental institutions and community-based organisations. AKF (UK) continued with the Aga Khan Foundation - London School of Oriental and African Studies (SOAS) Internship Programme for a third year running.

### International programmes

For Pakistan, the UK Department for International Development (DFID) provided a grant for the Primary Health Care Programme in Chitral. DFID also approved a grant for the Kashf Foundation in Pakistan in partnership with AKF, and in addition, support to Aga Khan Education Services through the World Bank Northern Education Project. For Tajikistan, DFID provided financial support to procure food aid for Gorno Badakshan Autonomous Oblast, and also approved a small grant through the Know How Fund for Education reform.

In addition to generous support from DFID, the European Commission (EC) through the European Community Office for Humanitarian Assistance provided three humanitarian grants for Tajikistan. One of these is being implemented by Focus Humanitarian Assistance and two by the Mountain Societies Development Support Programme. The European Commission continued to support AKDN activities in Central Asia providing a grant for the agricultural reform programme, which included food commodities for Gorno Badakshan Autonomous Oblast in Tajikistan.

Funding was also received from the European Commission Co-financing Unit and the DFID Joint Funding Scheme for an education school improvement programme in Uganda. The Foundation also received two grants for health education work in Tajikistan and for education research in Africa, from Christian Aid and Charity Projects Comic Relief respectively.

## **Report of the Governing Council** *(continued)*

### **Administration expenses**

Operating expenses are funded from grants from the Foundation's parent organisation and other sources of income. Donations from individuals and corporations to AKF (UK) are not used for this purpose.

### **Financial position at the year end**

The balance sheet values of the assets held at the year end are, in the opinion of the members of the Council, as stated in the accounts. The assets are held for the purposes of making grants towards projects and for the purchase and refurbishment of properties for charitable purposes.

Adequate assets are available, for all the funds, to fulfil the obligations of AKF (UK).

A summary of the result of the company's activities during the period is given in the Statement of Financial Activities on page 6.

Resources arising for charitable activities increased by 29% over 1998. The property fund has been principally used to finance the purchase or development of properties for charitable purposes.

### **Reserves policy**

AFK(UK) requires reserves in order to be able to match some of the joint-funded projects, and for the furtherance of the Foundation's activities. The level of reserves needs to be sufficient to meet commitments on an annual basis. In order to achieve this level of reserves, AFK(UK) will undertake events to raise awareness of the charity and thereby seek support for example, for sponsorships and commitments on a long term basis, including through tax efficient methods such as gift aid donations.

### **Members of the Council**

The members of the Council at 31 December 1999 were:

His Highness The Aga Khan  
Prince Ayn Mohamed Aga Khan  
Maitre Andre Ardoin  
Guillaume de Spoelberch

### **Interests of members of the Council**

No member had, at any time during the year, any interests in any shares of the company which require to be disclosed in this report.

## Report of the Governing Council *(continued)*

### Management

The Council is supported by a National Committee whose members during the year to 31 December 1999 were:

Abdul Bhanji	Chairman
Habib Motani	Vice Chairman and Secretary
Dame Maureen Thomas DBE	
Nazira Hirji Kheraj	
Naushad Jivraj	
Mahmood Hussein Ahmed	
Anvaraly Jiva	

Chief Executive Officer:  
Aly Nazerali

### Statement of responsibilities of the members of the Council

Law applicable to incorporated charities in England and Wales requires the members of the Council who are also directors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its financial activities during the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The members of the Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

### Auditors

A resolution for the re-appointment of KPMG, will be proposed at the Annual General Meeting.

By order of the Council



Habib Motani

Secretary



1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

## **Report of the auditors to the members of Aga Khan Foundation (United Kingdom)**

We have audited the financial statements on pages 6 to 14 .

### **Respective responsibilities of directors and auditors**

As described on page 6, the members of the Council, who are also the directors of Aga Khan Foundation (United Kingdom) for the purposes of company law, are responsible for preparing the report of the Governing Council and the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Council's report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 December 1999 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG  
Chartered Accountants  
Registered Auditors

20 November 2000

## Statement of financial activities

for the year ended 31 December 1999

Income and expenditure	Unrestricted funds		Restricted funds	Total 1999	Total 1998
	General funds	Property funds			
	£	£	£	£	£
<b>Incoming resource</b>					
Grants and donations received for:					
Social development programmes	403,770	-	9,179,406	9,583,176	7,446,406
Institutional development	902,682	-	-	902,682	750,191
Social and cultural centres	-	972,236	-	972,236	516,382
Administration	677,971	-	73,319	751,290	648,284
Communications and awareness raising	75,097	-	-	75,097	54,137
Bank interest receivable	36,234	65,616	1,379	103,229	173,228
<b>Total incoming resources</b>	<b>2,095,754</b>	<b>1,037,852</b>	<b>9,254,104</b>	<b>12,387,710</b>	<b>9,588,628</b>
<b>Use of resources</b>					
<b>Direct charitable expenditure</b>					
Grants and donations made for:					
Social development programmes					
- international	258,435	-	9,500,283	9,758,718	7,769,990
- UK	-	-	-	-	16,813
Institutional development	258,435	-	9,500,283	9,758,718	7,786,803
Social and cultural centres	1,020,739	-	-	1,020,739	859,918
Communications and awareness raising	-	3,345	-	3,345	46,399
Depreciation	75,097	-	-	75,097	54,137
	-	451,266	-	451,266	486,386
<b>Total direct charitable expenditure</b>	<b>1,354,271</b>	<b>454,611</b>	<b>9,500,283</b>	<b>11,309,165</b>	<b>9,233,643</b>
<b>Other expenditure</b>					
Fund raising	110,234	-	-	110,234	52,863
Administration	582,098	-	73,319	655,417	599,119
Auditors' remuneration	8,000	-	-	8,000	8,000
Exchange loss/(gain)	12,745	-	-	12,745	(7,201)
	713,077	-	73,319	786,396	652,781
<b>Total resources used in the year</b>	<b>2,067,348</b>	<b>454,611</b>	<b>9,573,602</b>	<b>12,095,561</b>	<b>9,886,424</b>
<b>Net movement in resources before transfers</b>	<b>28,406</b>	<b>583,241</b>	<b>(319,498)</b>	<b>292,149</b>	<b>(297,796)</b>
Transfers between funds	(155,094)	-	155,094	-	-
<b>Net movements in resources in the year</b>	<b>(126,688)</b>	<b>583,241</b>	<b>(164,404)</b>	<b>292,149</b>	<b>(297,796)</b>

There were no recognised gains or losses other than those included in the Statement of Financial Activities. All the activities of the charity in the current and prior year are of a continuing nature, and have been stated on an historical basis.

The notes on pages 10 to 14 form part of these financial statements.



## Reconciliation of funds for the year ended 31 December 1999

	Unrestricted funds		Restricted funds	Total 1999	Total 1998
	General funds	Property funds			
	£	£	£	£	£
Balance at 1 January	804,890	16,516,597	164,404	17,485,891	17,783,687
<b>Movements in year</b>					
Net movement in resources for the year	(126,788)	583,241	(164,404)	292,049	(297,796)
Balance at 31 December	678,102	17,099,838	-	17,777,940	17,485,891
<b>Represented by:</b>					
Tangible fixed assets	-	15,674,172	-	15,674,172	14,989,133
Investment	1	-	-	1	1
Current assets	737,122	1,425,666	958,831	3,121,619	2,777,129
Current liabilities	(58,921)	-	(958,831)	(1,017,752)	(280,272)
Share capital	(100)	-	-	(100)	(100)
	678,102	17,099,838	-	17,777,940	17,485,891

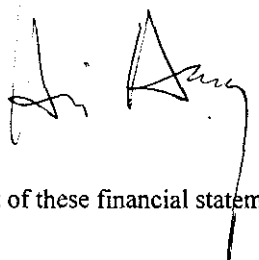
The notes on pages 10 to 14 form part of these financial statements.

## Balance sheet

at 31 December 1999

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	4	15,674,172	14,989,133
Investments	5	1	1
		<u>15,674,173</u>	<u>14,989,134</u>
<b>Current assets</b>			
Debtors	6	779,328	206,105
Cash at bank and in hand		2,342,291	2,571,024
		<u>3,121,619</u>	<u>2,777,129</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,017,752)</u>	<u>(280,272)</u>
<b>Net current assets</b>		<u>2,103,867</u>	<u>2,496,857</u>
<b>Total assets less current liabilities</b>		<u>17,778,040</u>	<u>17,485,991</u>
<b>Share capital and reserves</b>			
Called up share capital	13	100	100
<b>Fund Balances:</b>			
Restricted fund		-	164,404
Property fund		17,099,838	16,516,597
General fund		678,102	804,890
		<u>17,778,040</u>	<u>17,485,991</u>

These financial statements were approved by the Council on 11.11.00 and were signed on its behalf by:




The notes on pages 10 to 14 form part of these financial statements.

## Cash flow statement

for the year ended 31 December 1999

	Notes	1999 £	1998 £
Net cash flow from continuing operating activities	9	804,344	156,218
Returns on investments and servicing of finance			
Interest received		103,229	173,228
Net cash inflow from returns on investments and servicing of finance		103,229	173,228
Investment activities			
Purchase of tangible fixed assets		(1,136,306)	(667,071)
Net cash outflow from investing activities		(1,136,306)	(667,071)
Net cash outflow before financing		(228,733)	(337,625)
Decrease in cash and cash equivalents	10	(228,733)	(337,625)
Change in year per analysis		228,733	337,625
Variance		-	-

The notes on pages 10 to 14 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable company's financial statements.

#### Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable Accounting Standards including the Statement of Recommended Practice: Accounting by Charities.

#### Funds

General funds are funds that are unrestricted and allocated at the discretion of the Governing Council.

Restricted funds are funds earmarked for specific activities by contractual agreement with donor agencies.

The property fund is an unrestricted fund designated by the Governing Council for the purpose of purchasing and developing properties held by the company as part of its charitable activities for social and cultural purposes.

#### Tangible fixed assets

Land and buildings and other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Properties received by way of donations are stated at a reasonable market value to the company at the time of the donation.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Leasehold buildings	amortised over the period of the lease
Property fixtures and fittings	15
Office furniture and equipment	15
Computer equipment	33.3

#### Operating leases

Costs in respect of operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year or at a contracted rate.

Exchange gains or losses are included in the Statement of Financial Activities.

#### Pension costs

The organisation operates a defined contribution pension scheme for its employees. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

## Notes (continued)

### 1 Principal accounting policies

#### Revenue and expenditure

- Grants and donations received represent those received from Aga Khan Foundation, Geneva, Aid agencies and other donors.
- Donation revenue is taken into account in the period to which it relates but only to the extent that monies are actually received.
- Grants received and all expenditure are recorded in the period in which they are received or payable.

#### Direct charitable expenditure and other expenditure

Direct charitable expenditure and other expenditure are allocated to the activities of the related fund. Costs in respect of restricted funds are allocated specifically to the related projects. The general fund's direct charitable expenditure and other expenditure are costs incurred in carrying out general activities undertaken by the Governing Council.

### 2 Council Members' emoluments

Under the Articles of Association no emoluments were paid to, nor reimbursement of expenses received by Council Members for their duties.

### 3 Employee information

- The average number of persons employed by the company during the year is set out below:

	1999	1998
	Number	Number
Administration and communication	5	5
Grant administration	3	3
	<hr/>	<hr/>
	8	8
	<hr/>	<hr/>

- Employment costs of employees comprised:

	1999	1998
	£	£
Gross wages and salaries	315,751	266,231
Social security costs	33,150	29,384
Pension costs	28,795	17,261
	<hr/>	<hr/>
	377,696	312,876
	<hr/>	<hr/>

One senior employee earned between £65,001 and £70,000 during the year (1998: £60,001 - £65,000 - One).

**Notes** (continued)

**4 Tangible fixed assets**

	Freehold land and buildings	Long leasehold land and buildings	Property fixtures and fittings	Office furniture and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 1999	19,677,696	24,003	802,163	151,226	20,655,088
Transfers	93,000	-	(93,000)	-	-
Additions	1,126,450	-	-	9,856	1,136,306
Disposals	-	-	-	(24,393)	(24,393)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	20,897,146	24,003	709,163	136,689	21,767,001
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 January 1999	4,927,852	5,216	618,347	114,540	5,665,955
Disposals	-	-	-	(24,393)	(24,393)
Charge for year	376,094	286	49,750	25,137	451,267
Transfers	41,851	-	(41,851)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	5,345,797	5,502	626,246	115,284	6,092,829
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 1999	15,551,349	18,501	82,917	21,405	15,674,172
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	14,749,844	18,787	183,816	36,686	14,989,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**5 Investments**

The company owns one ordinary share (1% of the issued and paid up share capital) in the Institute of Ismaili Studies Limited, which is incorporated in England, and is included at cost.

**6 Debtors**

	1999 £	1998 £
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	654,712	5,632
Other debtors	124,616	200,473
	<hr/>	<hr/>
	779,328	206,105
	<hr/>	<hr/>

**Notes** *(continued)*

**7 Creditors**

	1999 £	1998 £
Amounts falling due within one year		
Other creditors	958,831	124,618
Accruals	58,921	155,654
	<hr/>	<hr/>
	1,017,752	280,272
	<hr/>	<hr/>

**8 Taxation**

The company is a registered charity and is not liable to taxation on its charitable activities. Tax deducted under deeds of covenant and gift aid donations is reclaimed by the company.

**9 Reconciliation of net movement in resources to net cash inflow from operating activities**

	1999 £	1998 £
Net movement in resources for the year	292,149	(297,796)
Depreciation on tangible fixed assets	451,267	486,386
Interest receivable	(103,229)	(173,228)
Increase in amounts owed from group undertakings	(649,080)	(2,339)
(Increase)/Decrease in debtors	75,757	406,391
Increase in other creditors	737,480	(263,196)
	<hr/>	<hr/>
	804,344	156,218
	<hr/>	<hr/>

**10 Cash and cash equivalents**

	1999 £	1998 £
Changes in the year		
At 1 January	2,571,024	2,908,649
Net cash outflow	(228,733)	(337,625)
	<hr/>	<hr/>
At 31 December	2,342,291	2,571,024
	<hr/>	<hr/>

**Notes (continued)**

**11 Financial commitments**

At 31 December 1999, the company had annual commitment under non-cancellable operating leases as follows:

	1999 Other £	1998 Other £
Expiring within one year	-	9,569
Expiring between two and five years	32,415	10,824
	<u>32,415</u>	<u>20,393</u>

**12 Capital commitment**

	1999 £	1998 £
Capital expenditure contracted for but not provided for in the financial statements	284,032	560,777

**13 Called up share capital**

	1999 £	1998 £
Authorised, issued and fully paid: Ordinary shares of £1 each	100	100

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

**14 Ultimate holding company**

The ultimate holding company is regarded by the Council Members as being the Aga Khan Foundation, Geneva which is incorporated in Switzerland.