

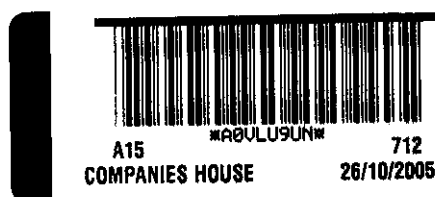
Aga Khan Foundation (United Kingdom)

**Directors' report and financial
statements**

Year ended 31 December 2004

Registered number 1100897

Registered Charity number 266518



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Legal and administrative information

Status

The organisation is a charitable company limited by guarantee, incorporated on 9 March 1973 and registered as a charity on 4 December 1973.

The objects and powers of the Company were established in its Memorandum of Association and are governed by its Articles of Association. Under those Articles, the members of the Council (other than His Highness The Aga Khan) are appointed by the holder or holders for the time being of a simple majority of the issued shares in the capital of the Company.

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 auditor

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

Bankers

Lloyds TSB Private Banking Limited
50 Grosvenor Street
London
W1K 3LF

Report of the Council

The members of the Council, who are also directors for Companies Act purposes, present their annual report and the audited financial statements for the year ended 31 December 2004. The Council has adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting & Reporting by Charities" 2000 in preparing the annual report and financial statements of the charity.

Principal activities

The Company (AKF(UK)) is a registered charity and an affiliate of the international Aga Khan Foundation and part of the Aga Khan Development Network ("AKDN"). Its principal activity is to promote and provide for the advancement of education, health, rural development, social welfare and support to civil society organisations.

Business review

AKF(UK) has maintained its ability to attract substantial grants for development and humanitarian programmes. It has also increasingly assisted programmes to access grants directly and continues to contribute to discussions on policy issues arising from AKDN's global work.

UK Programmes

The Aga Khan Foundation – London School of Oriental and African Studies (SOAS) Internship Programme was started again this year after a two year interval.

International programmes

Grants were secured from the European Commission (EC), Department of International Development (DFID) and Swedish International Development Agency (SIDA) for projects and programmes in the areas of rural development, civil society and local governance, water and sanitation, and disaster preparedness in Afghanistan and Tajikistan. DFID increased its support significantly to programmes to promote alternative livelihoods in North Eastern Afghanistan.

Continued support was also received from Comic Relief, DFID, EC, Johnson & Johnson, n(o)vib – Oxfam Netherlands and SIDA for programmes in Afghanistan, East Africa, India, Pakistan and Tajikistan.

Administration expenses

Operating expenses are funded from grants from AKF(UK)'s parent organisation. 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.

In the opinion of the members of the Council, adequate assets are available 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 7.

Resources arising for charitable activities decreased by 46% (2003: *increased by 7%*).

Report of the Council *(continued)*

Reserves policy

AKF(UK) requires reserves in order to be able to match some of the joint-funded projects, and for the furtherance of its activities. AKF(UK) has established a policy whereby the level of free reserves (that is those funds not tied up in fixed assets and not part of designated funds or restricted funds) needs to be sufficient to sustain its operations for at least three months. AKF(UK) considers that the most appropriate level of free reserves at 31 December 2004 was £234,000 and anticipates that the most appropriate level of free reserves at 31 December 2005 will be £282,000. As at 31 December 2004, of the total reserve of £277,091, £20,367 represents fixed assets and the balance of £256,724 represents actual free reserves. This is therefore above the desired level.

AKF(UK) has also established a policy whereby the level of designated reserves for social development projects needs to be sufficient to meet commitments on an annual basis. At 31 December 2004 out of a total balance of designated funds of £22,839,423, £21,089,719 represents designated funds for properties held by the Company as part of its charitable activities for social and cultural purposes. The balance of £1,749,704 represents the designated fund for social development projects, which is sufficient to cover the project commitments already incurred in respect of the next four years (total commitments £1,179,706). The excess funds allow AKF(UK) to further commit for joint-funded projects. In order to maintain this level of such reserves, AKF(UK) plans to undertake events to raise awareness of the charity and thereby seek support, for example through sponsorships and commitments on a long term basis.

Grant making policy

AKF(UK) seeks to promote sustainable and equitable social development by encouraging innovative approaches to selected generic problems and by supporting these approaches through grants to organisations that share its goals. These organisations are primarily agencies of Aga Khan Development Network and organisations selected by those agencies in the field based on common approaches, goals and objectives. AKF(UK) works very closely with grantees in the design, implementation and evolution of projects with the aim of creating a critical mass of focussed and innovative projects, complementing each other within and across sectors, in order to make a significant contribution to social development.

Risk Management

Members of the Council, through AKF(UK)'s National Committee and AKF(UK)'s Senior Management, regularly assess the major risks to which AKF(UK) is exposed, in particular those related to the operations and finances of AKF(UK), and are satisfied that appropriate systems are in place to mitigate AKF(UK)'s exposure to major risks.

Members of the Council

The members of the Council at 31 December 2004 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 of the Council 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 Council *(continued)*

Management

The Council is supported by a National Committee whose members, who are not trustees, during the year to 31 December 2004 were:

Abdul Bhanji	Chairman
Habib Motani	Vice Chairman and Secretary
Sir Timothy Lankester	
Sir Christopher MacRae	
Shabir Janmohamed	
Karam Dhala	
Nazira Hirji Kheraj	
Zauhar Meghji	
Salim Nazaraly	

Aly Nazerali	Chief Executive Officer
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Auditors

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

By order of the Council



Maître Andre Ardoin

Member of the Council

Date: 12th October 2005

Statement of responsibilities of the members of the Council

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the year end and of its incoming resources and resources expended during that year. In preparing those financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its activities.

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



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Brighton Road
Crawley
West Sussex
RH11 9PT

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

We have audited the financial statements on pages 7 to 19.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 5, 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 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 1985. 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 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 Company as at 31 December 2004 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 LLP
Chartered Accountants
Registered Auditor

24 October 2005

Statement of financial activities
 for the year ended 31 December 2004

	Notes	Unrestricted Funds General Funds £	Designated Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Income and expenditure						
Incoming resources						
Grants and donations received for:						
Social development programmes	5	-	549,133	4,912,466	5,461,599	9,727,729
Institutional development		-	1,422,114	-	1,422,114	2,431,796
Social and cultural centres		-	961,428	-	961,428	2,997,350
Management and administration		969,027	-	86,056	1,055,083	902,321
Communications and awareness raising		26,973	-	-	26,973	70,427
Bank interest receivable		-	159,426	1,293	160,719	168,581
Gain on sale of fixed assets		-	-	-	-	530,176
Exchange gain		-	9,802	621	10,423	13,755
Total incoming resources		996,000	3,101,903	5,000,436	9,098,339	16,842,135
Less: Cost of generating funds						
Fund raising		-	94,230	-	94,230	-
Net incoming resources for charitable application		996,000	3,007,673	5,000,436	9,004,109	16,842,135
Resources expended						
Charitable expenditure						
Grants and donations made for:						
Social development programmes	6					
- International		-	62,991	4,913,131	4,976,122	9,593,449
- UK		-	54,039	-	54,039	-
Institutional development		-	1,432,167	-	1,432,167	2,439,876
Social and cultural centres		-	1,365,965	-	1,365,965	-
Communications and awareness raising		26,973	-	-	26,973	70,427
Loss on sale of fixed assets		91	-	-	91	-
Exchange loss		43	-	-	43	-
Management and administration	4	909,321	537,423	86,056	1,532,800	1,487,947
Total charitable expenditure		936,428	3,452,585	4,999,187	9,388,200	13,591,699
Net incoming / (outgoing) resources		59,572	(444,912)	1,249	(384,091)	3,250,436
Transfers between funds		(1,340,326)	1,340,326	-	-	-
Net movement in funds		(1,280,754)	895,414	1,249	(384,091)	3,250,436

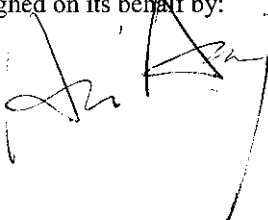
All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the above.

The notes on pages 10 to 19 form part of these financial statements.

Balance sheet
at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	15,636,761	16,195,196
Investments	8	1	1
		<u>15,636,762</u>	<u>16,195,197</u>
Current assets			
Debtors	9	3,284,138	3,423,169
Cash at bank and in hand	14	5,586,788	5,223,784
		<u>8,870,926</u>	<u>8,646,953</u>
Creditors: amounts falling due within one year	10	<u>(1,388,087)</u>	<u>(1,338,458)</u>
Net current assets		<u>7,482,839</u>	<u>7,308,495</u>
Net Assets		<u><u>23,119,601</u></u>	<u><u>23,503,692</u></u>
Share capital and reserves			
Called up share capital	18	100	100
Funds:			
Unrestricted funds			
General funds	17	277,091	1,557,845
Designated funds	17	22,839,423	21,944,009
Restricted funds	17	2,987	1,738
		<u>23,119,601</u>	<u>23,503,692</u>

The financial statements on pages 7 to 19 were approved by the Council on 11th October 2005 and were signed on its behalf by:



Cash flow statement

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Net cash inflow from continuing operating activities	13	210,577	1,069,439
Returns on investments and servicing of finance			
Interest received		160,719	168,581
Capital Expenditure			
Payments to acquire tangible fixed assets		(8,292)	(2,165,898)
Receipts from sale of tangible fixed assets		-	545,933
Increase/(Decrease) in cash and cash equivalents	14	363,004	(381,945)

The notes on pages 10 to 19 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 Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting & Reporting by Charities" 2000, Companies Act 1985 and applicable Accounting Standards.

Funds

General funds are unrestricted funds available for use at the discretion of the Council in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds earmarked by the Council for social development programmes, institutional development and for the purpose of purchasing and developing properties held by the Company as part of its charitable activities for social and cultural purposes.

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

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. Fixed assets with an acquisition cost of less than £500 are not capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

	%
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

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date or at a contracted rate, if applicable.

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. The assets of the scheme are held separately from those of the Company in an independently administered fund. Payments made to the fund and charged in these accounts as part of employment costs comprise current contributions.

The pension costs for the year were £37,354 (2003: £37,407)

Notes (continued)

1 Principal accounting policies (continued)

Incoming resources

Grants and donations received represent those received from Aga Khan Foundation, Geneva, Aid agencies and other donors.

These revenues are accounted for on a receipts basis, as there is no material difference between this and utilising them on the receivable basis.

Resources expended

Grants made and all expenditures are recorded on an accrual basis.

Charitable expenditure is allocated to the activities of the related fund. Expenditure under general funds is incurred in carrying out general operational activities undertaken by the Company. Expenditure under designated funds is incurred to provide support to social development and institutional development projects and in respect of properties held by the Company as part of its charitable activities for social and cultural purposes. Expenditure under restricted funds is allocated specifically to the related projects.

2 Council Members' emoluments

No emoluments were paid to, nor reimbursement of expenses received by Council Members for their duties (2003: £Nil).

3 Employee information

	2004	2003
	£	£
Gross wages and salaries	458,579	369,023
Social security costs	52,424	40,915
Pension costs	37,354	37,407
Other benefits	13,172	14,549
	<u>561,529</u>	<u>461,894</u>

Two senior employees earned between £50,001 and £60,000 (2003: £50,001 and £60,000) and £80,001 and £90,000 (2003: £70,001 and £80,000) respectively. An aggregate pension contribution of £14,301 was made for both employees during the year.

The average number of full time equivalent employed by the Company during the year is set out below:

	2004	2003
	Number	Number
Administration and communication	7	5
Grant administration	6	5
	<u>13</u>	<u>10</u>

Notes (continued)

4 Management and administration

Net expenditure for the year is stated after charging the following costs included within management and administration:

	2004 £	2003 £
Depreciation	566,636	663,629
Audit fee	11,163	9,919

5 Grants and donations received for social development programmes

	Unrestricted Designated Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
British Council	-	-	-	78,014
Comic Relief	-	129,167	129,167	230,251
Department for International Development (DFID)	-	1,088,949	1,088,949	986,988
EuronAid	-	-	-	622,342
European Commission	-	3,129,366	3,129,366	7,032,381
Foreign and Commonwealth Office	-	-	-	56,532
Norwegian Agency for International Development (NORAD)	-	-	-	318,462
n(o)vib – Oxfam Netherlands	-	194,322	194,322	142,886
Swedish International Development Agency	-	337,296	337,296	-
Other donations	549,133	33,366	582,499	259,873
Total grants and donations received	549,133	4,912,466	5,461,599	9,727,729

Notes (continued)

6 Grants and donations made for social development programmes

	Unrestricted Designated Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Afghanistan				
Commodities for the autumn planting season - <i>FOCUS Humanitarian Assistance (Europe)</i>	-	-	-	38,704
Integrated Rural Rehabilitation to Improve Livelihoods and Curb Poppy Production - <i>Aga Khan Foundation, Afghanistan</i>	-	653,590	653,590	30,158
Nahrin Emergency Water - <i>FOCUS Humanitarian Assistance (Europe)</i>	-	-	-	119,182
Shelter assistance to Afghan returnees to Baghlan - <i>FOCUS Humanitarian Assistance (Europe)</i>	-	-	-	22,705
Drinking water supply and sanitation in central and north eastern Afghanistan - <i>Aga Khan Foundation, Afghanistan</i>	-	140,406	140,406	-
Winter shelter and non food assistance to Afghan returnees - <i>FOCUS Humanitarian Assistance (Europe)</i>	-	-	-	213,528
Shelter and Water and Sanitation Assistance for Afghan returnees and IDPs in Baghlan, Afghanistan - <i>FOCUS Humanitarian Assistance (Canada)</i>	-	35,209	35,209	518,400
Enhancing food security in vulnerable districts of Central and Northern Afghanistan - <i>Aga Khan Foundation, Afghanistan</i>	-	-	-	583,638
Education Support Programme, Afghanistan - <i>Aga Khan Foundation, Afghanistan</i>	-	-	-	318,462
Programme Afghanistan - <i>Aga Khan Foundation, Afghanistan</i>	-	-	-	17,583
Total for Afghanistan programmes	-	829,205	829,205	1,862,360
East Africa				
Community based Early Childhood Education, Kenya - <i>Madrasa Resource Centre, Kenya</i>	28,765	84,071	112,836	120,435
Community based Early Childhood Education, Uganda - <i>Madrasa Resource Centre, Uganda Ltd.</i>	-	13,334	13,334	23,333
Community based Early Childhood Education, Zanzibar - <i>Zanzibar Madrasa Resource Centre</i>	-	26,667	26,667	26,677
Enhancing Universal Primary Education in Kampala, Uganda - <i>Aga Khan Education Service, Uganda</i>	15,312	84,486	99,798	264,586
Madrasa Programme Regional Office - <i>Aga Khan Foundation, Kenya</i>	-	13,334	13,334	26,667
SIP Regional Research Programme - <i>Aga Khan Foundation, Uganda</i>	-	33,328	33,328	57,746
Support to Education in Primary Schools, Tanzania - <i>Aga Khan Foundation, Tanzania</i>	18,914	67,826	86,740	137,488
Advanced Nursing Studies, East Africa - <i>Aga Khan University Hospital, East Africa</i>	-	33,366	33,366	36,972
Total for East Africa programmes	62,991	356,412	419,403	693,904

Notes (continued)

6 Grants and donations made for Social development programmes (continued)

	Unrestricted Designated Funds	Restricted Funds	Total 2004	Total 2003
	£	£	£	£
India				
Programme for the Enrichment of School Level Education	-	663,227	663,227	257,421
- Aga Khan Education Services, India				
- Bodh Shiksha Samiti				
- Centre for Education Management & Development				
- Narsee Monjee Institute of Management Studies				
- Dr. Reddy's Foundation for Human and Social Development				
- Society for All Round Development				
Sustainable Community-based Approaches to Livelihoods Enhancement	-	967,214	967,214	945,126
- Aga Khan Rural Support Program, India				
- Development Support Centre				
- Association for Rural Advancement Through Voluntary Action and Local Involvement				
Total for India programmes	-	1,630,441	1,630,441	1,202,547
Pakistan				
Aga Khan Rural Support Programme, Pakistan	-	313,514	313,514	-
- Aga Khan Rural Support Programme, Pakistan				
Chitral Primary Health Care	-	24,682	24,682	804,966
- Aga Khan Health Service, Pakistan				
Institute of Educational Development	-	970,642	970,642	1,172,730
- Institute of Educational Development, Pakistan				
Northern Education Programme, Pakistan	-	-	-	78,014
- Aga Khan Education Service, Pakistan				
Northern Pakistan Education Project	-	-	-	2,490,385
- Aga Khan Education Service, Pakistan				
- Aga Khan Rural Support Programme, Pakistan				
Total for Pakistan programmes	-	1,308,838	1,308,838	4,546,095

Notes *(continued)*

6 Grants and donations made for Social development programmes *(continued)*

	Unrestricted Designated Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Tajikistan				
Humanitarian Assistance (Food Aid, Food Security & Water supply) - <i>Mountain Societies Development Support Programme, Tajikistan</i> - <i>Aga Khan Foundation, Tajikistan</i>	-	62,768	62,768	223,496
Health Education, Tajikistan - <i>Aga Khan Foundation, Tajikistan</i>	-	10,428	10,428	6,446
Mountain Societies Development Support Programme - <i>Mountain Societies Development Support Programme, Tajikistan</i>	-	-	-	685,371
Education Reform Programme, Tajikistan - <i>Aga Khan Foundation, Tajikistan</i>	-	122,292	122,292	84,336
Fostering Disaster Resilient Communities in Isolated Mountain Areas, Tajikistan Phase I & II - <i>FOCUS Humanitarian Assistance (USA)</i>	-	183,421	183,421	173,812
Strengthening Community Capabilities for Development Planning, Tajikistan - <i>Mountain Societies Development Support Programme, Tajikistan</i>	-	72,030	72,030	58,550
Peacemaking and pluralism in schools of Tajikistan - <i>Aga Khan Trust for Culture, Geneva</i>	-	-	-	56,532
Linking Communities and Government for Sustainable Development, Tajikistan - <i>Mountain Societies Development Support Programme, Tajikistan</i>	-	337,296	337,296	-
Total for Tajikistan programmes	-	788,235	788,235	1,288,543
Total International programmes	62,991	4,913,131	4,976,122	9,593,449
United Kingdom				
Strategic Alliances for Learning, Policy Change and Funding (with SOAS) - <i>Self administered project</i>	54,039	-	54,039	-
Total for UK programmes	54,039	-	54,039	-
Total grants and donations for Social Development programmes	117,030	4,913,131	5,030,161	9,593,449

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings	Long leasehold land and buildings	Property fixtures and fittings	Office furniture and equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2004	22,751,990	24,003	1,539,250	237,282	24,552,525
Additions	-	-	-	8,292	8,292
Disposals	-	-	-	(83,603)	(83,603)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	22,751,990	24,003	1,539,250	161,971	24,477,214
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2004	6,967,564	6,646	1,187,216	195,903	8,357,329
Charge for the year	455,039	287	82,097	29,213	566,636
Disposals during the year	-	-	-	(83,512)	(83,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	7,422,603	6,933	1,269,313	141,604	8,840,453
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2004	15,329,387	17,070	269,937	20,367	15,636,761
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	15,784,426	17,357	352,034	41,379	16,195,196
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All assets are held for charitable purposes.

8 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.

9 Debtors

	2004 £	2003 £
Inter-company debtors	69,903	24,513
Capital work-in-progress	3,037,501	3,001,751
Accrued income	125,225	277,017
Other debtors	51,509	119,888
	<hr/>	<hr/>
	3,284,138	3,423,169
	<hr/>	<hr/>

Notes (continued)

10 Creditors

	2004 £	2003 £
Amounts falling due within one year		
Trade creditors	57,418	36,560
Accruals	21,253	12,370
Other creditors	1,309,416	1,289,528
	<hr/>	<hr/>
	1,388,087	1,338,458
	<hr/>	<hr/>

11 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 charity.

12 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £37,354 (2003: £37,407).

Contributions amounting to £1,099 (2003: £1,089) were payable to the scheme and are included in creditors at the end of the financial year.

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

	2004 £	2003 £
Net movement in resources for the year	(384,091)	3,250,436
Depreciation on tangible fixed assets	566,636	663,629
Profit on disposal of tangible fixed assets	91	(530,176)
Interest receivable	(160,719)	(168,581)
Decrease/ (Increase) in debtors	139,031	(2,478,567)
(Decrease)/Increase in creditors	49,629	332,698
	<hr/>	<hr/>
	210,577	1,069,439
	<hr/>	<hr/>

Notes (continued)

14 Cash and cash equivalents

	2004 £	2003 £
Changes in the year		
At 1 January	5,223,784	5,605,729
Net cash inflow/(outflow)	363,004	(381,945)
At 31 December	5,586,788	5,223,784

	2004 £	Change in year £	2003 £
Analysis of balance			
Cash at bank and in hand	5,586,788	363,004	5,223,784

15 Financial commitments

At 31 December 2004, the Company had annual commitment under non-cancellable operating leases as follows:

	2004 Land & Buildings £	2004 Other £	2004 Total £	2003 Total £
Expiring within one year	100,000	-	100,000	100,000
Expiring between two and five years	125,000	-	125,000	225,000
	225,000	-	225,000	325,000

16 Capital commitment

	2004 £	2003 £
Project commitment not provided for in the financial statements	1,179,706	1,393,903

Notes (continued)

17 Reconciliation of funds

for the year ended 31 December 2004

	Unrestricted Funds		Restricted Funds	Total 2004	Total 2003
	General Funds £	Designated Funds £	£	£	£
Balance at 1 January	1,557,845	21,944,009	1,738	23,503,592	20,253,156
Movements in year					
Net movement in resources for the year	(1,280,754)	895,414	1,249	(384,091)	3,250,436
	<u>277,091</u>	<u>22,839,423</u>	<u>2,987</u>	<u>23,119,501</u>	<u>23,503,592</u>
Represented by:					
Tangible fixed assets	20,367	15,616,394	-	15,636,761	16,195,196
Investment	1	-	-	1	1
Current assets	328,519	8,125,941	416,466	8,870,926	8,646,953
Current liabilities	(71,696)	(902,912)	(413,479)	(1,388,087)	(1,338,458)
Share capital	(100)	-	-	(100)	(100)
	<u>277,091</u>	<u>22,839,423</u>	<u>2,987</u>	<u>23,119,501</u>	<u>23,503,592</u>

18 Called up share capital

	2004 £	2003 £
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.

19 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, which holds ninety nine percent of the shares of the Company.

20 Related party transactions

There were no related party transactions during the year.