

Charity Registration No. 1150876

Company Registration No. 08193475 (England and Wales)

**THE IDRIES SHAH FOUNDATION**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# THE IDRIES SHAH FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Clare Maxwell-Hudson Gillian Whitworth Katherine Sebag-Montefiore Tarquin Hall Richard Mohun	(Appointed 22 March 2016) (Appointed 1 December 2016)
<b>Charity number</b>	1150876	
<b>Company number</b>	08193475	
<b>Principal address</b>	2-6 Cannon Street London EC4M 6YH	
<b>Registered office</b>	7 - 9 The Avenue Eastbourne East Sussex BN21 3YA	
<b>Independent examiner</b>	C Paul Potter FCA Humphrey & Co 7-9 The Avenue EASTBOURNE East Sussex BN21 3YA	

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# THE IDRIES SHAH FOUNDATION

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# **THE IDRIES SHAH FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The Trustees present their report and accounts for the year ended 31 March 2016, which is also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

#### **Objectives and activities**

The objects of the charitable company, as set out in the Articles of Association are:-

- the advancement of education for the public benefit and in particular (but not limited to) the study of and dissemination of knowledge about Sufi culture, Sufi heritage and Sufi literature and
- the promotion of the arts, culture and heritage for the public benefit with particular (but not limited to) reference to classical and contemporary Sufi arts, literature and culture.

In formulating the methods by which the charitable objects may be delivered, the Trustees have considered the Charity Commission's guidance on public benefit.

The aim of the Charity is to promote tolerance and cultural understanding by dissemination of Sufi ideas as widely as possible.

These ideas, which constitute a philosophical system originating from within the Islamic world stress values such as: a balanced mental outlook, the ability to think for oneself, a non-literalist approach to religion, tolerance towards other people and ideas, women's rights, humour and common sense.

The Trustees are aiming to achieve the charitable objectives by the distribution of the works of Idries Shah and other classical and contemporary Sufi authors in both hard copy and electronic form.

In pursuance of this the Trustees continue to develop The Idries Shah Foundation website through which these works will be available to the general public who have access to the internet.

Sufi culture and heritage stresses values of respect and tolerance towards all human beings. An emphasis has been placed on producing editions of Sufi works aimed at the Islamic world. To this end, agreements are being sought and made with local publishers in the Islamic world to aid distribution to a broad section of the public including where possible to libraries and schools.

#### **Achievements and performance**

The Trustees recognise that the aims of the charity are such that their approach must be developed over the medium to long term timescale.

In doing so they are pleased to be able to report on the following progress:-

- **Website and Social Media Programme**

Work continues to build on the Charity's online presence, using a wide range of social media and internet platforms. This year has seen a welcome steep rise in the number of visitors to the Charity's WebPages, especially from the Latin world and as a result resources will be allocated to develop the amount of material available in Spanish and Portuguese.

In order to increase the scope for the dissemination of Sufi ideas as widely as possible, this year has also seen the release of weekly excerpts from Idries Shah books, as well as other selected audio material from the Idries Shah Archive, as Podcasts. To date 32 Podcasts have been released and work continues to make all the audio books available to hear for free.

# **THE IDRIES SHAH FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016**

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### **• Translations Programme**

This programme has as its remit to translate ten titles by Idries Shah into four Middle Eastern languages: Persian, Arabic, Urdu and Turkish and to distribute them as widely as possible through the relevant territories.

The aim is to reach an audience, particularly young adults, within the Islamic world in order to encourage Sufi core values such as: tolerance to other cultures, a balanced mental outlook, capacity for independent thought, women's rights, humour and commonsense.

Taking advantage of modern technology it was decided to concentrate on publishing electronically via the website, where titles can be read for free, and where a younger readership may be reached.

The Charity has also worked with publishing partners to produce high-quality traditional paper editions. However, because of the climate of censorship in several countries, this should be viewed as a subsidiary activity.

At the date of this Report the programme is well underway; valuable lessons are being learned and high-quality translations are already being disseminated.

The following titles were selected for their accessibility and relevance to the Islamic world:-

- The Way of the Sufi
- Tales of the Dervishes
- The Book of the Book
- The Pleasantries of the Incredible Mulla Nasrudin
- The Exploits of the Incomparable Mulla Nasrudin
- The Subtleties of the Inimitable Mulla Nasrudin
- Caravan of Dreams
- Wisdom of the Idiots
- Thinkers of the East
- Special Illumination: The Sufi Use of Humour

# **THE IDRIES SHAH FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016**

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It was decided to concentrate initially on the Persian language programme and thereby apply the lessons learned to subsequent programmes.

All ten titles have now been translated into Persian, of which six have already been published in traditional paper form within Afghanistan.

Three of these titles are now up on the website, from where these may be read for free by anybody who reads Persian and possesses an Internet connection.

In addition five titles in Urdu have now been translated. One of these, Tales of the Dervishes has been edited and is ready for publication, with the remainder still to undergo the editing process.

The Charity is working to establish contacts which will enable the roll out of the Arabic language programme and after that to focus on the Turkish language.

In each language, the Charity has concentrated on putting together teams of translators, sub-editors, editors, designers and publishing partners in order to retain the maximum control over the publishing process.

In looking to establish relationships with publishing partners, the Charity has sought local firms with a good distribution and marketing networks. In doing so, and mindful of the local firm's own financial investment in the project, the Charity has negotiated on a nominal cover price for each book. However, as part of these negotiations, the Charity is pleased to be able to report that hard copies of a number of titles have been distributed for free among influential individuals, educational centres, including Kabul University, and libraries.

The Charity is also looking to undertake a programme of free distribution of paper copies of selected titles to more libraries and learning institutions, particularly in Afghanistan and those assessable to women.

# **THE IDRIES SHAH FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016**

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### **• Publishing Programme**

The Charity has continued to re-release a new Idries Shah title every two months or so in keeping with the planned targets. This has kept up the momentum, with each newly released title adding to the catalogue, and therefore to the overall footprint. The focus has been very much on launching all editions simultaneously, i.e. print, eBook and audio.

Up to the date of this Report the Charity has released 13 titles in print and eBook (both in UK and US editions); and 8 titles as audio books. While the books are available for purchase online via established online retailers, these will also be made available for free on the ISF web site, using Page Flip technology.

While concentrating on the English-speaking world for the publishing programme, the charity is also devoting attention to other regions in which Idries Shah work has been traditionally appreciated. Of these, the most important area of focus is the Latin world – most notably South America. The works of Idries Shah has a large and growing following in Brazil, Argentina, and elsewhere in the region.

The Charity been working with publishers in the Latin world to release and distribute high quality paper editions of both existing and new translations. At the same time, the Charity has been developing its own catalogue of eBooks for the Spanish and Portuguese markets.

### **• Special Editions**

At the beginning of 2015 the charity initiated a new project aimed at releasing selected Idries Shah works as very high quality limited editions. The reasoning was three-fold:

- To raise funds for illustrated books for Afghan children project
- To link the Idries Shah name to high quality editions
- To increase Idries Shah's online footprint.

Through the welcome support from a supporter, ISF released a 5-volume set of World Tales, limited to 500 sets. While the emphasis has been on selling these to raise funds, the Charity has strived to keep the project low-key and exclusive and the Friends of ISF, and others, have purchased copies of the limited edition as a way of donating for a greater cause.

The Board are pleased to be able to report that the special addition of World Tales has, in the year raised over £10,000.

Through two further donations, a pair of new limited editions is currently being printed. These are a five-volume set of the Nasrudin corpus, and a single-volume edition of The Book of the Book.

There has been great interest in the limited editions, and the charity is pleased to be able to report that donations have been pledged to fund three new limited editions in the coming year.

### **• Children's Books for Afghanistan Project**

The project's main goal is to provide free illustrated editions of stories by Idries Shah in full colour to children in Afghanistan. Funds raised from the sale of the limited edition titles are to be directed towards this project. Using the model that was established by the American charity, Hoopoe Books, ISF is to develop a series of its own children's books, and to source funding for them. Having conducted preliminary research, including making contact with the printer used by Hoopoe Books in Afghanistan, an illustrator has been engaged and a design team has been assembled.

The project's intentions is to bring to a younger audience an introduction to Sufi ideas through these books in keeping with the charitable aims. At the same time, English language editions will be printed using print on demand, and the profits raised from the sale of each book will go to expanding the children's book project in Afghanistan.

# **THE IDRIES SHAH FOUNDATION**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2016**

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### **Financial review**

The Board has continued to monitor the income and capital growth achieved by the investments.

The rental properties generated income of £86,664 before utilities and management expenses. Following a review, and mindful of concerns raised as to the opposition of a number of London boroughs to the use of former council properties now utilised within the buy to let market the Board, having taken advice, considered it prudent to sell one of the investment properties yielding a net gain after expenses of £41,035.

The remaining two properties are considered to have a fair value of approximately £1,220,000 which represents a gain of £35,791 since acquisition.

The Board, based on their collective experience (and having taken advice where appropriate) consider that a further property investment within the residential property market (for long term capital growth and income generation) represents a good quality return over the medium term and is consistent with the Board's attitude to risk.

The Board therefore remain vigilant to property investment opportunities.

The stock market investments yielded income of £9,713 although the investments suffered a fall in value of £15,660; this is broadly similar with the benchmark movements on the FTSE 100 over the period that the investments have been held.

Resources have been allocated between investments to generate funds and to maintain cash reserves sufficient to fund a 5 year progressive programme in the key areas of website development, translation, publishing and distribution.

At the Balance Sheet date the funds of the charity total £2,839,026 of which £39,914 are restricted. Of the unrestricted reserves, £1,193,524 represents the cost (after depreciation where appropriate) of the two investment properties held at the year end together with the costs of furnishings therein, with a further £288,385 represented by the investments at valuation.

In May 2015 the Trustees had allocated resources of £600,000 to support an overall 5 year programme of publication and translation; within this remit includes the website and social media development, the special additions book project and the new Children's Books for Afghanistan Project.

The Board wish to express their appreciation to those who have continued to support their work.

In addressing the progress of the projects, and in acknowledging their appreciation to the Charity's Friends and supporters for their donations and encouragement, the Board are minded to focus additional resources of approximately £150,000 to the core publishing and translation programmes and a sum of approximately £85,000 to progress the developing Children's Books for Afghanistan project.

In addition they anticipate maintaining free reserves at £50,000 to meet support and governance costs as they fall due and to reinvest approximately £450,000 from the sale of the aforementioned investment property for continued income generation and capital growth.

The Trustees have assessed the major financial and operational risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.



# THE IDRIES SHAH FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

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The Board obtain appropriate professional advice prior to any transactions concerning acquisition or disposal of investment property.

Budgets are set in respect of each charitable activity allowing the Board to monitor the actual results in comparison with expectations.

In respect of the property investment programme a regular review is maintained to monitor relevant legislation (both national and local) and the property market generally to ensure that the impact of any potential adverse changes is minimised.

Appropriate insurance cover for the property and contents is secured and for which professional advice will be obtained as necessary and a maintenance programme is established to ensure that the properties and contents are kept in good order.

The Board recognise that, in working to publish hard copy book as widely as possible, the Charity must seek the provision of goods and services from sub-contractors which may be outside of the UK and other industrialised nations.

By necessity, some of the providers of services may be in areas which are not readily accessible by the charity.

To ensure that charitable funds are only used in support of the charitable objects the Board would:-

- Appoint to the management committee those who are known to have experience and knowledge of the publishing, distribution and print (both in hard electronic copy) and of the geographical areas / societies that the charity is looking to reach out to.
- Where the use of suppliers of goods and services local to the geographical area of interest is necessary for the delivery of the charitable objectives the management committee will seek those (wherever possible) with a proven track record in their field and will:-
  1. Agree objectives and costs before hand
  2. Establish a method whereby the local agent regularly reports on activity and achievements.

### Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 29th August 2012 and registered as a charity on 18th February 2013.

The charitable company was established under a Memorandum of Association which sets out the objects and powers of the company and is governed under its Articles of Association.

The Trustees, who are also the directors for the purpose of company law, and who served during the period were:

Clare Maxwell-Hudson

Gillian Whitworth

Riad Kocache

(Resigned 21 May 2015)

Katherine Sebag-Montefiore

Tarquin Hall

(Appointed 22 March 2016)

Richard Mohun

(Appointed 1 December 2016)

# THE IDRIES SHAH FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

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None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the Company and guarantee to contribute £1 in the event of winding up. The number of Trustees shall not be less than three.

The Trustees may appoint a person who is willing to act as a trustee either to fill a casual vacancy or as an additional.

New Trustees are selected with regard to the knowledge, skill and expertise appropriate for the effective administration of the charity and the delivery of the charitable objectives.

New Trustees are briefed on their legal obligations under charity and company law, on their role and responsibilities as Trustees, the charity commission on public benefit, the contents of the governing document, the decision making process, the business plans and the recent financial performance of the Charity.

The Board is pleased to announce that Mr Tarquin Hall and Mr Richard Mohun have been appointed to the Board.

The Trustees are covered by professional indemnity insurance.

The Board directs the overall financial and operational strategy and monitors progress. The day to day management of the charitable operations are delegated to an appointed committee who have the requisite skills and knowledge to develop and distribute the works of Idries Shah to a wide global audience in keeping with the charitable objectives.

The Board meets formally twice a year. Virtual meetings are held between the Board and the appointed committee members on a monthly basis.

Regular reports are issued by the committee detailing progress for the Board's consideration.

The charitable company has been supported in its objectives by The Institute for Cultural Research (registered charity number 313295). Clare Maxwell-Hudson and Gill Whitworth were members of the Governing Council of The Institute for Cultural Research.

The Institute closed as a charity in January 2016 and any remaining assets were transferred to the Idries Shah Foundation.

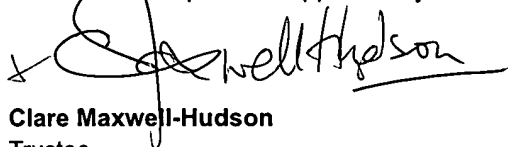
The Board are pleased to be able to confirm that they have again been able to secure the services of Saira, Safia and Tahir Shah.

As the children of Idries Shah, Saira, Safia and Tahir each have a detailed and sympathetic understanding of their father's corpus of works and are able to use their knowledge, contacts and skills for the benefit of the charity.

In doing so Saira, Safia and Tahir form the nucleus of the management committee.

The management committee has been tasked to develop ideas and methods to deliver the charitable objectives for consideration of the Board and, as approved to establish a framework to pursue the stated aims of the charity.

The Trustees' report was approved by the Board of Trustees.



**Clare Maxwell-Hudson**  
Trustee

Dated: 26 January 2017

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# THE IDRIES SHAH FOUNDATION

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF THE IDRIES SHAH FOUNDATION

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I report on the accounts of the Charity for the year ended 31 March 2016, which are set out on pages 9 to 22.

#### **Respective responsibilities of Trustees and examiner**

The Trustees (who are also the directors of the company 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 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of The Institute of Chartered Accountants in England and Wales.

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:

- (i) examine the accounts under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

#### **Basis of independent examiner's report**

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 no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

#### **Independent examiner's statement**

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

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
  - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
  - (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met; or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Mr C Paul Potter FCA  
Chartered Accountant  
Humphrey & Co  
7-9 The Avenue  
EASTBOURNE  
East Sussex  
BN21 3YA

Dated: 26 January 2017

# THE IDRIES SHAH FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b><u>Income from:</u></b>					
Donations and legacies	3	95,837	44,710	140,547	351,392
Charitable activities	4	18,529	-	18,529	4,308
Activities for generating funds - income from properties	5	86,664	-	86,664	59,862
Investments	6	10,818	-	10,818	10,818
Other income	12	41,035	-	41,035	-
<b>Total income</b>		<b>252,883</b>	<b>44,710</b>	<b>297,593</b>	<b>426,380</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	82,388	-	82,388	66,184
Charitable activities	8	166,119	4,796	170,915	144,853
<b>Total resources expended</b>		<b>248,507</b>	<b>4,796</b>	<b>253,303</b>	<b>211,037</b>
Tax payable	14	(493)	-	(493)	-
Net gains on investments	13	20,130	-	20,130	(18,593)
<b>Net movement in funds</b>		<b>24,013</b>	<b>39,914</b>	<b>63,927</b>	<b>196,750</b>
Fund balances at 1 April 2015		2,775,099	-	2,775,099	2,578,349
<b>Fund balances at 31 March 2016</b>		<b>2,799,112</b>	<b>39,914</b>	<b>2,839,026</b>	<b>2,775,099</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE IDRIES SHAH FOUNDATION

## BALANCE SHEET

AS AT 31 MARCH 2016

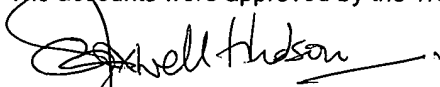
	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	15		9,314		17,632
Investment properties	16		1,220,000		1,846,732
Investments	17		288,385		304,045
			<u>1,517,699</u>		<u>2,168,409</u>
<b>Current assets</b>					
Debtors	19	14,398		2,348	
Cash at bank and in hand		<u>1,334,047</u>		<u>618,312</u>	
		1,348,445		620,660	
<b>Creditors: amounts falling due within one year</b>	20	<u>(27,118)</u>		<u>(13,970)</u>	
Net current assets			<u>1,321,327</u>		<u>606,690</u>
<b>Total assets less current liabilities</b>			<u>2,839,026</u>		<u>2,775,099</u>
<b>Income funds</b>					
Restricted funds	21		39,914		-
Unrestricted funds - general			<u>2,799,112</u>		<u>2,775,099</u>
			<u>2,839,026</u>		<u>2,775,099</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2016. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The Trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 26 January 2017

  
Clare Maxwell-Hudson  
Trustee

Company Registration No. 08193475

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016

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#### 1 Accounting policies

##### Company information

The Idries Shah Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 7 - 9 The Avenue, Eastbourne, East Sussex, BN21 3YA.

#### 1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. Early adoption of the revised Companies Act 2006 thresholds and Statement of Recommended Practice for charities applying FRS 102 Update Bulletin 1. The Charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These accounts for the year ended 31 March 2016 are the first accounts of The Idries Shah Foundation prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### 1.2 Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from the sale of books (in hard copy and in audio or in electronic form) where sales transactions are conducted through an online retailer are recognised as the net sale proceeds or royalties are received.

Income from investments is recognised when receivable and is net of VAT as appropriate.

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the assurance fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	none
Fixtures, fittings & equipment	30% reducing balance
Computers	30% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

#### 1.8 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.



# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	90,837	44,710	135,547	351,392
Legacies receivable	5,000	-	5,000	-
	<u>95,837</u>	<u>44,710</u>	<u>140,547</u>	<u>351,392</u>
<b>For the year ended 31 March 2015</b>	<u>351,392</u>	<u>-</u>		<u>351,392</u>

Included within unrestricted donations is a sum of £48,948 representing the transfer of the remaining assets of the The Institute for Cultural Research. £322,638 was transferred from the Institute in 2015.

### 4 Charitable activities

	2016	2015
	£	£
Sales of books within charitable activities	<u>18,529</u>	<u>4,308</u>

### 5 Activities for generating funds - income from properties

	2016	2015
	£	£
Non-charitable trading activities - income from investment properties	<u>86,664</u>	<u>59,862</u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 6 Investments

	2016	2015
	£	£
Income from listed investments	9,713	8,797
Interest receivable	1,105	2,021
	<u>10,818</u>	<u>10,818</u>

### 7 Raising funds

	2016	2015
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	4,918	5,049
<u>Cost of maintaining investment properties</u>		
Other trading activities	63,101	49,608
Depreciation and impairment	3,919	7,453
Cost of maintaining investment properties	67,020	57,061
<u>Support costs</u>	10,450	4,074
	<u>82,388</u>	<u>66,184</u>
<b>For the year ended 31 March 2015</b>		
Fundraising and publicity		5,049
Cost of maintaining investment properties		57,061
Support costs		4,074
		<u>66,184</u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 8 Charitable activities

	Website and social media operating costs £	Translation costs £	Publishing and distribution costs £	Total 2016 £	Total 2015 £
Translation, editing and production	-	3,912	31,606	35,518	50,985
Licence fee	-	1,830	3,341	5,171	-
Social media costs	4,654	-	-	4,654	5,933
Distribution	-	-	1,946	1,946	25,745
Design	762	110	2,356	3,228	-
Project management costs	36,000	29,900	32,233	98,133	51,180
	<u>41,416</u>	<u>35,752</u>	<u>71,482</u>	<u>148,650</u>	<u>133,843</u>
Share of support costs (Note 9)	1,142	1,063	2,071	4,276	1,874
Share of governance costs (Note 9)	4,804	4,471	8,714	17,989	9,136
	<u>47,362</u>	<u>41,286</u>	<u>82,267</u>	<u>170,915</u>	<u>144,853</u>
<b>Analysis by fund</b>					
Unrestricted funds - general	44,362	41,286	80,471	166,119	144,853
Restricted funds	3,000	-	1,796	4,796	-
	<u>47,362</u>	<u>41,286</u>	<u>82,267</u>	<u>170,915</u>	
<b>For the year ended 31 March 2015</b>					
Unrestricted funds - general	45,381	41,814	57,658		144,853
	<u>45,381</u>	<u>41,814</u>	<u>57,658</u>		<u>144,853</u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 9 Support costs

	Support costs	Governance costs	2016	2015	Basis of allocation
	£	£	£	£	
Depreciation	73	-	73	104	
Bank charges	2,235	-	2,235	827	Resources expended
Book keeping	500	-	500	260	Resources expended
General office costs	48	-	48	853	Resources expended
Insurance	620	-	620	523	Resources expended
Irrecoverable VAT	2,807	-	2,807	-	Resources expended
Accountancy	-	5,670	5,670	4,980	Governance
Other professional services	-	20,762	20,762	7,537	Governance
	<u>6,283</u>	<u>26,432</u>	<u>32,715</u>	<u>15,084</u>	
Analysed between					
Trading	2,007	8,443	10,450	4,074	
Charitable activities	4,276	17,989	22,265	11,010	
	<u>6,283</u>	<u>26,432</u>	<u>32,715</u>	<u>15,084</u>	

Governance costs include £5,670 (2015 £4,980) for accounting and assurance work and £16,787 (2015 £6,900) for other services.

### 10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year. One Trustee was paid £500 (2015 - £260) for book keeping services.

### 11 Employees

There were no employees during the year.

### 12 Other income

	2016	2015
	£	£
Net profit on disposal of investment property	41,035	-
	<u></u>	<u></u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 13 Net gains/(losses) on investments

	2016	2015
	£	£
Revaluation of investments	(15,660)	(18,593)
Revaluation of investment properties	35,790	-
	<u>20,130</u>	<u>(18,593)</u>

### 14 Taxation

The Charity is recognised by HM Revenue & Customs and therefore benefits from certain exemptions from taxation on income and gains, to the extent they are applied for charitable purposes. A tax charge arises of £493 (2015 £nil) in respect of trading activity for which specific tax exemptions cannot be applied.

### 15 Tangible fixed assets

	Fixtures, fittings & equipment	Computers	Total
	£	£	£
<b>Cost</b>			
At 1 April 2015	24,841	347	25,188
Disposals	(6,180)	-	(6,180)
At 31 March 2016	<u>18,661</u>	<u>347</u>	<u>19,008</u>
<b>Depreciation and impairment</b>			
At 1 April 2015	7,452	104	7,556
Depreciation charged in the year	3,919	73	3,992
Eliminated in respect of disposals	(1,854)	-	(1,854)
At 31 March 2016	<u>9,517</u>	<u>177</u>	<u>9,694</u>
<b>Carrying amount</b>			
At 31 March 2016	<u>9,144</u>	<u>170</u>	<u>9,314</u>
At 31 March 2015	<u>17,389</u>	<u>243</u>	<u>17,632</u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 16 Investment properties

	2016 £
<b>Fair value</b>	
At 1 April 2015	1,846,732
Additions through external acquisition	8,080
Disposals	(670,602)
Net gains or losses through fair value adjustments	35,790
	<u>1,220,000</u>
At 31 March 2016	<u>1,220,000</u>

The fair value of the investment property is based on a review carried out by the Trustees and the Management Committee. In doing so Management consulted with property professionals to ascertain the likely value that each property may obtain if marketed at the Balance Sheet date.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	1,184,210	1,846,732
Accumulated depreciation	-	-
	<u>1,184,210</u>	<u>1,846,732</u>
Carrying amount	<u>1,184,210</u>	<u>1,846,732</u>

	2016 £	2015 £
Freehold	-	-
Long leasehold	1,184,210	1,846,732
Short leasehold	-	-
	<u>1,184,210</u>	<u>1,846,732</u>

### 17 Fixed asset investments

	2016 £	2015 £
Listed investments	<u>288,385</u>	<u>304,045</u>
Listed investments included above:	<u>2016 £</u>	<u>2015 £</u>
Listed investments carrying amount	<u>288,385</u>	<u>304,045</u>

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 17 Fixed asset investments

(Continued)

#### Fixed asset investments revalued

The Charity holds investments listed on a recognised stock exchange. The value of the investments are provided by the fund managers and are based on the quoted market price.

#### Movements in fixed asset investments

	Shares £
<b>Cost or valuation</b>	
At 31 March 2016	304,045
Valuation changes	(15,660)
At 31 March 2016	288,385
<b>Carrying amount</b>	
At 31 March 2016	288,385
At 31 March 2015	304,045

### 18 Financial instruments

2016  
£

2015  
£

#### Carrying amount of financial assets

Debt instruments measured at amortised cost	371	1,999
Equity instruments measured at cost less impairment	288,385	304,045

#### Carrying amount of financial liabilities

Measured at amortised cost	9,786	3,590
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### 19 Debtors

2016  
£

2015  
£

#### Amounts falling due within one year:

Other debtors	371	1,999
Prepayments and accrued income	14,027	349
	14,398	2,348

# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 20 Creditors: amounts falling due within one year

	2016 £	2015 £
Corporation tax payable	493	-
Other taxation and social security	1,481	-
Other creditors	9,786	3,590
Accruals and deferred income	15,358	10,380
	<u>27,118</u>	<u>13,970</u>

### 21 Restricted funds

The Board wish to express their appreciation of the support given to the Foundation by the Nightingale Family Foundation (NFF) to the the ISF English Language Project which is pursuing the relaunching of works of Idries Shah to the English speaking world via a combination of traditional and evolving media.

The grant received from the NFF in March, together with expenditure related to the ISF English Language Project is reported as a restricted fund of the charity. At the Balance Sheet date £39,914 of the grant was unexpended.

	Balance at 1 April 2015 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 March 2016 £
The ISF English Language Project	-	44,710	(4,796)	39,914

### 22 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible assets	9,314	-	9,314
Investment properties	1,220,000	-	1,220,000
Investments	288,385	-	288,385
Current assets/(liabilities)	1,281,413	39,914	1,321,327
	<u>2,799,112</u>	<u>39,914</u>	<u>2,839,026</u>

For the year to 31 March 2015 the Charity did not have any funds that were restricted in nature.

### 23 Revaluation Reserve

Included within the Unrestricted Reserves at the Balance Sheet date of £2,799,112 is a Revaluation Reserve of £35,790 reflecting the calculated uplift in value of the investment properties since purchase.



# THE IDRIES SHAH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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(Continued)

### 24 Transactions with related parties

During the year the Charity entered into the following transactions with related parties:

Saira, Safia and Tahir Shah are the children of Idries Shah and are the Trustees and beneficiaries of the Idries Shah Estate.

The Idries Shah Estate has entered into an agreement (negotiated at arms length and on normal commercial terms) with the Charity to issue a Licence for Translation rights and English Language rights in return for a fee.

These accounts include the sums paid by the Charity to the Estate for the agreed Licences (apportioned over time) of £5,172 (2015 £ nil). At the year end a sum of £13,328 (2015 £ nil) has been deferred to subsequent periods in keeping with the period of the Licence Agreement and is reflected within prepayments and accrued income as reported in Note 19. Also at the year end, and included within current creditors is a sum of £7,000 (2015 £ nil) owed in respect of the Licence Agreement.

The Board have entered into an agreement with Saira, Safia and Tahir for their services and for which they were paid (collectively) £86,120 (2015 £ 17,080). At the year end £2,500 (2015 £2,500) was owed for their services.