

**The Mainstay Foundation**  
**Trustees Report and Financial Statements**  
**For the Year Ended 31 December 2017**

# **The Mainstay Foundation**

## **Financial Statements**

**Year ended 31 December 2017**

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# The Mainstay Foundation

## Reference and administrative details

Year ended 31 December 2017

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<b>Registered charity name</b>	The Mainstay Foundation
<b>Charity registration number</b>	1166017
<b>Company registration number</b>	CE006901
<b>Principal office and registered office</b>	Office 11, Abji Bapashree House 211 Kingsbury Road London NW9 8AQ

### The Trustees

Mr H Al-Hakeem  
Mr M Marashi  
Mr H Al-Aloom

<b>Executive Trustee</b>	Mr H Al-Hakeem
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<b>Auditor</b>	MHA Macintyre Hudson Chartered accountant & statutory auditor 30-34 New Bridge Street London EC4V 6BJ
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<b>Solicitors</b>	Bircham Dyson Bell 50 Broadway Westminster London SW1H 0BL
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<b>Bankers</b>	Barclays Bank PLC 75 King Street Hammersmith London W6 9HY
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# **The Mainstay Foundation**

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

**Year ended 31 December 2017**

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The Trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2017.

### **Structure, governance and management**

#### **Governing Document**

The governing document of The Mainstay Foundation is its Charitable Incorporated Constitution (CIO), adopted on 11 March 2016, which contains the Charity's charitable objectives (to which it must adhere) and sets out various rules and procedures for the running of the Charity.

#### **How the Charity is Constituted**

The Mainstay Foundation is a charitable incorporated organisation (CIO), registered with the Charity Commission for England and Wales on 11 March 2016 with the registered charity number 1166017.

#### **Organisation Structure**

As a charitable incorporated organisation, the board of Trustees are authorised and responsible for the oversight and strategic direction, which includes management and control of the annual work plan, annual budget in addition to the establishment and review of policies and procedures. More specifically, the board of Trustees are responsible for:

- I. Ensuring that the Charity has a clear vision, mission and strategic direction and is focused on achieving these (Strategic Responsibility).
- II. To control delegated authority to Committees and staff (Control Responsibility)
- III. To be responsible for the performance of the Charity (Performance Responsibility).
- IV. To ensure that the Charity complies with all legal and regulatory requirements (Compliance Responsibility).
- V. To act as guardians of the Charity's assets, both tangible and intangible, taking all due care over their security, deployment and proper application (Responsibility to Safeguard the Assets).
- VI. To ensure that the Charity's governance is of the highest possible standard. (Governance Responsibility).

As part of its general control and management of the charity, the board of Trustees delegate day to day management to the Executive Trustee, who in turn reports back to the board, and presents the affairs of the charity within regular board of trustee meetings and the Charity's annual strategic review meeting. The Executive Trustee is responsible for managing the staff of the charity, overseeing the operational activities of the charity, meeting with donors and beneficiaries and carrying out the necessary due diligence checks and examinations, managing the grant making activities and monitoring procedures.

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### **Trustee Selection Methods**

Asides from the first Charity Trustees, Trustees are appointed for three-year terms by resolution passed at a properly convened meeting of the Trustees.

In selecting individuals for appointment as appointed charity Trustees, the charity Trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. In particular, the board will apply the following criteria to the recruitment process:

- I. Trustees should be familiar with overseas relief work and understand the practical manner in which the Charity carries out its objectives;
- II. Trustees should possess appropriate, adequate administrative and related experience to enable them to add value to the overall effective administration of the Charity on a strategic level;
- III. Trustees should possess experience of the not for profit sector, charity operations and the skills required by staff working within this area; whilst
- IV. Trustees should also, if possible, possess adequate professional or commercial experience (e.g. accounting, banking, legal, fundraising etc.) to enable them to contribute to the overall effective administration of the Charity.

In considering these criteria the Trustees have regard to the fact that the Charity has access to appropriate professional advice when necessary. It is therefore not essential for each trustee to have a professional qualification such as that of an accountant or lawyer. However, it is considered advantageous for new Trustees to have experiences in these areas.

### **Trustee Induction**

As part of the recruitment process the Charity recognises the importance of induction. In order to understand the workings of the Charity and their role within it, new Trustees will be given the following documentation on taking up office:

- I. An up-to-date copy of the Constitution;
- II. Copies of the minutes of the last three Trustee meetings
- III. A copy of the most recent report/accounts of the Charity
- IV. The business plan (including fundraising projections and strategy) for the current year
- V. Copies of the Governance Manual and any other relevant policies
- VI. A copy of the Charity Commission publication "The Essential Trustee: what you need to know, what you need to do".

This preliminary information should enable new Trustees to understand the overall administration and governance structure and help them to play an active role in its administration.

In addition new Trustees will be invited to attend a Board meeting (whether in person or by telephone) prior to accepting the role and will have an opportunity to meet their fellow Trustees and staff as appropriate.

# The Mainstay Foundation

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

Year ended 31 December 2017

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### Objectives and activities

#### Charitable objectives

The objects for which The Mainstay Foundation has been established (as set out in its constitution) are as follows:

- The advancement of the religion of Islam in accordance with the principles and tenets of the Shia Ithna Ashari (Twelver Shia) Muslim faith;
- The advancement of education, primarily amongst adherents of the Shia Ithna Ashari Muslim faith, by providing support to institutions and scholarships to individuals; and
- The promotion of sustainable development, particularly but not exclusively for the benefit of adherents of the Shia Ithna Ashari Muslim faith, by means including:
  - The relief of poverty and the improvement of the conditions of life within socially and economically disadvantaged communities;
  - The relief of financial need and suffering amongst victims of natural and or other kinds of disasters (including the promotion of sustainable means of achieving economic growth and regeneration);
  - The promotion of religious and racial harmony

The primary mission of the charity as such is to assist in the advancement of Shia Muslim communities globally in the areas of Religion, Education and Development.

#### Main activities undertaken in pursuance of its charitable objectives

In line with meeting its charitable objectives, The Mainstay Foundation introduced, maintained and supported various initiatives, projects and services, collectively considered as its activities, within this reporting period within the UK and abroad. The various activities and how they contributed to meeting each objective are as follows:

- The advancement of religion: In light of The Mainstay Foundation's focus upon the advancement of the religion of Islam in accordance with the principles and tenets of the Shia Ithna Ashari (Twelver Shia) Muslim faith, the following activities were carried out:
  - I. Grant Making: As the principal activity of this charity numerous grants were issued within the UK and abroad to NGOs and Charitable Organisations based in Sweden, Denmark, Canada, USA, and Africa. These grants ranged from one off project-based grant awards to partnership-based grant awards, all of which were awarded with the purpose of advancing the religion of Islam. Such advancement in question involved funding support for religious events and centres, in addition to developing and supporting existing religious educational initiatives and programmes. Organisers of Summer retreats, which entailed religious, creative and fun outlets for individuals were also awarded grant awards within the UK and abroad.
  - II. Najaf Retreat: This initiative involved planning and implementation of a retreat to Najaf, Iraq by the Charity which catered to UK and US based citizens interested in experiencing and gaining religious and cultural knowledge offered by scholars and other individuals within Iraq.
  - III. Camp Retreat: In collaboration with a partner Organisation, The Mainstay Foundation helped organise and run a summer camp within the UK aimed at providing fun, creative and spiritual experiences for children and their families.
  - IV. Muharram programme: The Mainstay Foundation supported a ten-day Muharram programme, which focusing on the tragedy of the Prophet Muhammad's grandson-Hussain Ibn Ali, catered to the spiritual, religious and educational needs of community members within London.
  - V. Ramadhan Forum: Organised and run by The Mainstay Foundation in collaboration with a religious centre, this eight day long programme provided a platform to which audience members could engage in question and answer sessions from a variety of

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

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speakers, all of which entailed the fulfilment of religious and educational needs of community members within London.

- VI. Imam Ali birth celebration: Celebrating the birth of Ali Ibn Abi Talib, the first Imam In the Shia faith, The Mainstay Foundation helped organise and run a celebratory daylong event in English and Arabic in North West London.
  - VII. Imam Kadhimi demise commemoration: Commemorating the demise of the seventh Imam of the Shia Ithna Ashari Faith- Imam Musa al-Kadhimi, The Mainstay Foundation organised and ran an afternoon lecture programme in English in North West London.
- The advancement of education: In light of The Mainstay Foundation's objective of the advancement of education, primarily amongst adherents of the Shia Ithna Ashari Muslim faith, the following activities were carried out:
    - I. Grant Making: The Mainstay Foundation awarded partner-based grant awards to a higher education institution in Iraq in the aim of supporting and developing research and taught courses at a higher education level and thus aiding academic development within Iraq. Support in the form of grants were also provided to partner organisations in Africa who used said funding to improve conditions of education in their areas of operation.
  - The advancement of community development: Community development in this case refers to The Mainstay Foundation's constitutional objective of promoting sustainable development with special regards to the relief of poverty, the relief of financial need and the promotion of religious and racial harmony, exclusively but not limited to adherents of the Shia Ithna Ashari Muslim faith. The main activity falling under this category is as follows:
    - I. Grant Making: The Mainstay Foundation awarded partner-based grant awards to several Organisations within Iraq whose beneficiaries and target for our funding included orphans suffering from illnesses and poverty. Our partner organisations in turn provided these orphans with medical support, including healthcare visitations and consultations, in addition to the provision of medicine where they were suffering from illness. Financial support in the form of monthly delivery of funds to guardians of orphans in the aim of catering to the needs of orphans in their care and education programmes (tutoring) were also provided by our partner organisations, all in the objective of alleviating poverty and illness for orphans and their families within Iraq.

Several grants were also provided to organisations based and operating within Africa, whose beneficiaries included orphans, their guardians and other individuals suffering from financial and healthcare needs. These beneficiaries were supported by our partner organisations through wage giving programmes, where guardians of orphans are provided with funds to take care of the children in their care, food distribution programmes to those suffering from hunger due to poverty, and free healthcare in the form of free eye treatment, in addition to blood donation programmes. Our partner organisations also have in place several educational development programmes, aimed at educating primary and secondary school pupils in the aim of educating students from impoverished/poorer backgrounds.

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

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### **Grant Making Policy**

In conjunction with supporting other organisations, logistically or otherwise, and organising and running the Charity's own activities, grant awards form the backbone of achieving the Charity's abovementioned charitable objectives and aims. The board of Trustees govern the charity's grant making policy by setting and managing the grant making principles, the grant making criteria and the grant making process. The board of Trustees apply the funds of the Charity at their own discretion and in accordance with the Charitable purposes and objectives of the Charity. The board of Trustees are also responsible for the overall award of any grant and their decision is final.

The grant making process summarised is as follows: Recipients are of two types; partner basis recipients or single project basis grant awardees.

Partner recipients are charitable Institutions who receive continuous, or regular funding, usually in the form of but not limited to monthly, quarterly or yearly grants for single and or multiple projects that fulfil one or more charitable objectives of the charity. Funding for these projects can involve the implementation of newly designed project/s and or the support, maintenance and expansion of existing project/s of the partner-based recipient. Decisions with regards to partnerships are decided by the board of Trustees, and initiation of partnerships are subject to what the board of Trustees and senior management decide is in the best interest of the charity in view of achievement of the charitable objectives of the charity, in the short and long term and in line with the grant making policy of the charity aforementioned.

The second, are those organisations who have applied for a single project grant award, i.e. non-continuous funding, in the aim of achieving a single objective, through implementation of a typically advertised project. In contrast to the partner recipients, a strict application process and deadline is in place for project grant awards.

The Charity's grant provision process entails rigorous checks to which both types of recipients have to undergo. As such, the Charity applies due diligence procedures (enhanced where necessary), in addition to account and relevant document examinations (in person and otherwise) and site visits. The charity adopts a risk-based approach to its grant making activities, which entails but is not limited to the size of the grant/s, the geographical location (high risk jurisdiction etc) in which the grant will be applied, the size of the beneficiary, where the beneficiary is based, Politically Exposed status, and so on.

As part of the grant provision process, quarterly reports for partner based recipients and final progress reports for single project based recipients are to be carried out and sent to us, where we ultimately review how grants were spent and the goals/objectives met. Final progress reports are sent from within three months of the date of the grant award.

As of the end of this reporting period, The Mainstay Foundation has sent grants to 4 partner organisations and 10 organisations who applied for the project-based grant awards.



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### **Contribution Made by Volunteers**

The Mainstay Foundation utilised the expertise of several volunteers with regards to non-grant making related activities, specifically to activities related to the objectives of the advancement of religion, solely within the UK. Their contributions are as follows:

- Ramadan Forum: the expertise of several volunteers was utilised to manage the audio and video recording of the Ramadan forum for the duration of the event; eight days. These volunteers also helped in setting up and cleaning the venue following each day of the programme.
- Muharram Commemoration Programme: one volunteer helped manage the audio and video recording of the ten day long Muharram commemoration programme. In addition, several volunteers managed the food and drinks hand out aspect of the programme.
- Camp UK: Several volunteers helped in the running of the camp in their capacities as lecturers and workshop providers.
- Najaf retreat : One volunteer helped manage the audio and video recording throughout the course of the retreat.

As per our managing volunteers policy, and our staff and remuneration policy, volunteers were not paid any salaries. However, volunteers were reimbursed for any travel and food and drink costs that they incurred.

### **Public Benefit**

The charitable objects and activities which The Mainstay Foundation undertakes for the public benefit and achievement in delivering these are set out in the relevant sections of this Trustees annual report. The board of Trustees of The Mainstay Foundation ensure that the activities undertaken by The Mainstay Foundation are relevant and beneficial to the needs of our beneficiaries and more broadly promote the betterment of UK society and other international societies with which The Mainstay Foundation operates.

Further, the board of Trustees of this Charity declare and confirm that they have had regard to and have complied with the guidance issued by the Charity Commission on Public benefit. The charity has paid due regard to Charity commission guidance on religion and education activities

### **Achievements and performance**

2017 was a busy year for The Mainstay Foundation, with a significant increase in grant making to an expanded beneficiary base, alongside the development and implementation of new activities, both directly by the charity and in offering support to other charities. The use of effective reporting and monitoring procedures has in turn allowed the board of Trustees and the charity's staff to review its activities in relation to its successes and shortcomings. The conclusions of these findings, in turn proved critical for the board of Trustees considerations for plans for future periods, where in the Trustees have refined the short term (one year long) strategic activities of the charity to include:

- An increase in support, both logistical and financial in nature to UK based Charities whose focus include development of activities within the UK that support The Mainstay Foundation's charitable objectives.
- Expanding the type of activities/projects we support through grant making to new and existing grant recipients.
- Designing new activities/projects and allocating more funds for these for the purposes of awarding grants to beneficiaries who seek to implement such activities/projects in question.

The charity's focus will continue to be how it can maximise its performances from its activities in the pursuit of achieving its charitable activities, and how this can maximise impact for its beneficiaries and wider societies in which the charity operates as a whole. In light of this, the Charity will strive to

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continuously perfect its governance and its risk management policies to strengthen the charity and ensure its sustainability for the future.

In pursuance of meeting its charitable objectives, various activities undertaken by The Mainstay Foundation managed to yield significant results and achieve its objectives. Significantly, these achievements have produced important progresses with regard to the circumstances of its beneficiaries and wider societies as a whole. The following highlights these achievements against objectives set in consideration of the activities undertaken by this Charity. For practical and reporting purposes, this has been categorised regionally:

- The UK, and Europe
  - I. Advancement of Religion: The Mainstay Foundation has awarded grants to and logistically supported various centres in their organisation and implementation of religious events and forums. Ranging from commemorations and celebration of the death and birth of important Islamic personalities (within the Muslim faith), these events have fulfilled spiritual, religious, social and educational needs of community members within the UK and Europe. The majority of this support stems from grant awards, the biggest recipients being within the UK, with one organisation based in Denmark and one in based in Sweden. Lectures, seminars and forums, as well as general religious obligations, such as prayer and fasting within these events help foster a sense of identity, responsibility and spirituality amongst participants, helping them to not only excel individually but as a community, in the aim of bettering society as a whole by means of contributing individually and collectively to a better, peaceful and more prosperous society.
  - II. Community Development: As part of its charitable objectives, The Mainstay Foundation has partnered with and supported various Organisations and religious centres within the UK who promote racial and religious harmony. Inter- faith events, and open panel events are an important part of this, which the charity feels are critical in building important bridges between communities.
- North America
  - I. Advancement of Religion: Similarly to its achievements and performances within the UK and Europe, grant awards were awarded to a partner organisation in the US, as well to one in Canada, both of who's programmes included religious events and forums aimed at fulfilling the spiritual, educational and religious needs of its respective community members. Grants were also awarded to our partner organisation in the US, who in turn used such funding for the organisation and implementation of summer camps, the results of which included developing youths confidence, education and spirituality. In turn these religiously inspired initiatives have contributed to motivating individuals and groups to bettering themselves and their respective societies.
- Middle East
  - I. Advancement of Education: The Mainstay Foundation's commitment to the advancement of education has seen it partner with and award several grants to a higher education institution within Iraq. The benefits this has had includes better support for research based courses, taught based courses and increased funding for educational tools. As a result of this, numerous enrolled students have benefited from a post graduate education, whereby their thesis and gained expertise contributed to the development of academia within Iraq.
  - II. Community Development: The Mainstay Foundation's commitment to community development, has seen it deliver several grants to charities within Iraq, whose beneficiaries include Orphans and their carers suffering from financial difficulty, in addition to those suffering from illness or a lack of adequate healthcare. These grants

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

Year ended 31 December 2017

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in turn have provided orphans and their carers with some of the financial support required to counter the effects of poverty, that includes limited access to healthcare, hunger and more generally a lack of basic needs.

- Africa
  - I. Advancement of Religion: The Mainstay Foundation has partnered with, and provided logistical and financial support to a large-scale organisation within Africa, in the aim of fulfilling the religious needs of its beneficiaries. This has included, developing mosques and religious centres, providing religious programmes and supporting education to those requesting it. This has in turn seen a growth in spirituality and religiosity, which previously was requested yet limited given the limited resources available within specific areas.
  - II. Advancement of Education: Several grants were provided to organisations within Africa who maintain and run schools for primary and secondary school students offering education to those in need.
  - III. Community Development: The Mainstay Foundation has provided logistical and financial support to organisations within Africa, whose focus lay with providing humanitarian aid. Such aid has included financial sponsorship programmes for those living in poverty, in addition to healthcare for those lacking any access to or unable to due to financial difficulty. Such alleviation of poverty and sickness has in turn benefited many members of society, particularly those vulnerable to sickness, hunger and a lack of education.

### Measuring Achievements

All activities carried out by the Charity during this reporting period have been subject to performance reviews, which are received and reviewed by the board of Trustees. With regards to Grant Awards, the grant provision process designed and implemented by the Charity ensures that regular reporting for partner based grant awards is received and reviewed by the Charity. One off grant awards, in the form of project based grant awards also required reports to be submitted following the receipt of funding by the beneficiary. In this manner, the Charity was able to effectively review grant award performances, and identify any weaknesses which could be improved upon.

For activities that were not based upon grant awards, numerous evaluative tools were put in place to review performances for the various activities supported by and organised directly by Charity. These include figures and feedback surveys carried out by participants immediately after and following the respective activities.

### Financial review

The total income of the charity for the reporting period was £1,011,890 (2016; £97, 538) and the total expenditure amounted to £727, 763 (2016; £76, 736). This left a surplus of £284, 127 (2016; £20,802).

Including support costs which amounted to £35,197 the charities expenditure was £423,333 on community development, £179,900 on advancement of religion and £89,333 on advancement of education.

The principal source of funding for the Charity are donations by donors which are used to achieve the Charity's objectives and cover its operational costs. The charity does not engage in income related services, nor in any investments whose purpose is to increase funding for the Charity.

# **The Mainstay Foundation**

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

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### **Reserves Policy**

Following careful deliberation and consultation with experts, the board of Trustees have decided that the Charity's policy on reserves is to maintain sufficient unrestricted funds to cover up to 6 months of operating and payroll costs should a short fall in income occur. Potential risks facing the Charity and contingency funds that may be needed as a result, have also been considered through means of risk assessments and consultations in determining this policy.

The amount that is considered required to cover the unrestricted expenditure for the reserve target is £30,000 and the actual unrestricted reserve funds as at 31st December 2017 were £304,929. As such, the Charity considers its current reserve funds to exceed the level required to cover its reserve policy. The actual unrestricted funds will be reduced to the budget, as excess funds will be expended in the future on charitable activities. The excess reserve funds had been planned to be expended, however, our beneficiaries were still under extensive diligence checks.

### **RISK MANAGEMENT**

Effective risk management is essential to ensure that Trustees can take appropriate and timely action where risks are identified and are better placed to achieve the Charity's mission. To this effect the charity's regularly reviewed and updated policy ensures a proactive stance towards risk management, where Trustees are able to take a planned course of action upon identification of risks, either to:

- Minimise the impact of risk for example with contingency planning;
- Accept the risk;
- Transfer the risk (insurance);
- Reduce the risk (if complete avoidance is impossible or disproportionately expensive in time or money); or
- Monitor the risk.

The charity utilises a regularly reviewed and updated central risk assessment of the charity which categorises risk to operational, financial, governance and management, compliance and environmental/external factors. The charity also uses risk assessments for specialist risk categories as part of some of its policies, such as its anti-money laundering and counter terrorist financing policy. Within each category risk is identified and assessed in relation to its likelihood and impact, alongside the steps required to mitigate each risk, in addition to any further actions needed.

### **Principle risks facing the charity**

Following careful deliberation and consultation, the board of Trustees have considered several principle risks and uncertainties facing the charity. These are as follows:

- Partnerships with and or Grant making to NGOs in High risk jurisdiction countries
- Reliance upon limited donors
- Banking activities that relate to the expending of funds

These risks are proactively identified and appropriate actions are implemented in line with the above-mentioned policy, which includes the identification, assessment (likelihood of impact and severity), and required actions needed for each principle risk. These types of risks are subject to further monitoring and actions which are mentioned within the risk assessment by the board of Trustees. Principle risks are regularly updated in line with the risk management policy of the charity and are subject to to variations depending upon the board of Trustees considerations.

# **The Mainstay Foundation**

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

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### **Policy for the remuneration of key management personnel**

The Mainstay Foundation trustees are not paid in their capacity as a trustee.

Provided that they meet the criteria of the Charity Commission guidance for 'Payments to Charity Trustees', they can be reimbursed if sought by Trustees for out of pocket expenses, in consideration of its reasonability. Similarly, they may also be paid for extra ordinary work for the charity, if it is agreed upon by the board of Trustees, and if there are no alternative staff members who can supply the work in question.

Further, The Mainstay Foundation's executive officer is not paid for their work. As a member of the board of Trustees, and as a Trustee themselves, policy surrounding their remuneration is the same as that of a Trustee, as abovementioned.

### **Trustees' responsibilities statement**

The trustees, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **The Mainstay Foundation**

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

**Year ended 31 December 2017**

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### **Auditor**

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report were approved on ..... and signed on behalf of the board of trustees by:

Mr M Marashi  
Chair

# The Mainstay Foundation

## Independent Auditor's Report to the Members of The Mainstay Foundation

(continued)

Year ended 31 December 2017

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### Opinion

We have audited the financial statements of The Mainstay Foundation (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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## Independent Auditor's Report to the Members of The Mainstay Foundation

(continued)

Year ended 31 December 2017

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or

### Responsibilities of the trustee

As explained more fully in the trustees' responsibilities statement set out on page 11 the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# **The Mainstay Foundation**

## **Independent Auditor's Report to the Members of The Mainstay Foundation**

*(continued)*

**Year ended 31 December 2017**

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### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

**Sudhir Singh FCA DchA**

### **MHA MacIntyre Hudson**

Chartered Accountants and Statutory Auditor  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

Date:

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

# The Mainstay Foundation

## Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2017

		2017		2016
		Unrestricted	Total funds	Total funds
	Note	funds	£	£
<b>Income and endowments</b>				
Donations and legacies	5	1,021,890	1,011,890	97,538
<b>Total income</b>		<u>1,011,890</u>	<u>1,011,890</u>	<u>97,538</u>
<b>Expenditure</b>				
Expenditure on charitable activities		737,763	727,763	76,736
<b>Total expenditure</b>		<u>727,763</u>	<u>727,763</u>	<u>76,736</u>
<b>Net income and net movement in funds</b>		<u>284,127</u>	<u>284,127</u>	<u>20,802</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		20,802	20,802	–
<b>Total funds carried forward</b>		<u>304,929</u>	<u>304,929</u>	<u>20,802</u>

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

The notes on pages 19 to 24 form part of these financial statements.

# The Mainstay Foundation

## Balance Sheet

31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	13	1,517	–
<b>Current assets</b>			
Debtors	14	40,000	–
Cash at bank and in hand		272,409	20,802
		<u>312,409</u>	<u>20,802</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>8,997</u>	<u>–</u>
<b>Net current assets</b>		303,412	20,802
<b>Total assets less current liabilities</b>		<u>304,929</u>	<u>20,802</u>
<b>Net assets</b>		<u>304,929</u>	<u>20,802</u>
<b>Funds of the charity</b>			
Unrestricted funds		304,929	20,802
<b>Total charity funds</b>	16	<u>304,929</u>	<u>20,802</u>

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

Mr M Marashi  
Chair

The notes on pages 19 to 24 form part of these financial statements.

# The Mainstay Foundation

## Statement of Cash Flows

Year ended 31 December 2017

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Net income	284,127	20,802
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	279	—
Accrued expenses	8,997	—
<i>Changes in:</i>		
Trade and other debtors	(40,000)	—
Cash generated from operations	253,403	20,802
Net cash from operating activities	<u>253,403</u>	<u>20,802</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,796)	—
Net cash used in investing activities	<u>(1,796)</u>	<u>—</u>
<b>Net increase in cash and cash equivalents</b>	251,607	20,802
<b>Cash and cash equivalents at beginning of year</b>	20,802	—
<b>Cash and cash equivalents at end of year</b>	<u>272,409</u>	<u>20,802</u>

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The notes on pages 19 to 24 form part of these financial statements.

# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

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#### 1. General information

The charity is a public benefit entity and a Charitable Incorporated Organisation limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Office 11, Abji Bapashree House, 211 Kingsbury Road, London, NW9 8AQ.

The Mainstay Foundation meets the definition of public benefit entity under FRS 102.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

#### 3. Accounting policies

##### Basis of preparation

The financial statements have been prepared on the accrual basis and the comparatives restated where required at fair value through income or expenditure.

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

All income and expenditure in 2018 were for unrestricted funds.

##### Transition to FRS 102

The entity transitioned from a receipts and payments basis accounting format to an accrual basis in line with FRS 102 as at 1 January 2017. There are no substantial changes of how FRS 102 has affected the reported financial position and financial performance as at 31 December 2016.

##### Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

##### Critical accounting estimates and areas of judgement

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

- Depreciation rates for tangible assets
- Support cost allocation

##### Fund accounting

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

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

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

# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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### Incoming resources

#### Incoming resources

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

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured at market value based on equivalent use to the Charity. No amounts are included for the contribution of general volunteers.

### Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred and is classified under headings of the statement of financial activities to which it relates:

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

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

### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The trustees note that the capitalisation threshold for the reporting period 2017 is £100. The Trustees have agreed to increase the limit to £500 from the current and future period(s).

### Depreciation

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

Equipment	- 25% straight line
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# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

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#### Financial instruments

The Charity does not have a material holding in complex financial instruments. The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors - trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 14. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Liabilities - trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 15. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

#### 4. Limited by guarantee

The liability of Members is limited. Every Member promises, if the Charity is dissolved while he/she remains a Member or within one year after he/she ceases to be a member, to pay up to £1 towards:

- payment of those debts and liabilities of the Charity incurred before he/she ceased to be a Member;
- payment of the costs, charges and expenses of winding up; and
- the adjustment of rights of contributors among themselves.

#### 5. Donations

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
<b>Donations</b>				
Donations from individuals	<u>1,021,890</u>	<u>1,011,890</u>	<u>97,538</u>	<u>97,538</u>

Donated services is made up of £10,000 of travel costs born of Trustees.

#### 6. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Grant Funding £	Support costs £	Total £
Advancement of Education	–	89,333	4,350	89,333
Advancement of Religion	52,177	127,723	8,760	179,900
Community Development	–	423,333	20,615	423,333
Total	<u>52,177</u>	<u>640,389</u>	<u>33,725</u>	<u>727,763</u>
2016	<u>57,927</u>	<u>–</u>	<u>18,809</u>	<u>76,736</u>

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# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 7. Support costs

	2017 £	2016 £
Wages/salaries	8,895	—
Rent	13,000	4,400
Insurance	185	—
Legal and other professional fees	516	14,310
Travel	10,000	—
Telephone	80	—
Other office costs	9	—
Depreciation	279	—
Bank Charges	526	99
IT and Digital	235	—
Total	<u>33,725</u>	<u>18,809</u>

### 8. Governance costs

	2017 £	2016 £
Accountancy	4,272	—
Audit	7,200	—
Total	<u>11,472</u>	<u>—</u>

### 9. Analysis of grants payable

	2017 £	2016 £
The Federation of Khoja Shia Ithna Asheri Jamaats of Africa	100,000	—
Al-Alamayn Institute for Higher Education	56,000	—
Al-Ayn Social Care Foundation	25,000	—
The Mainstay Foundation (US)	53,246	—
Orphans Charity Foundation	365,000	—
Alfurqans Social Forening	9,641	—
Ahlulbayt Foundation (Ahlulbayt TV)	6,000	—
Al-Akbar Foundation	3,000	—
Mohebban Al Mahdi Youth Foundation	3,000	—
Shia Muslim Community of British Colombia	3,000	—
The Islamic Unity Society	3,000	—
Madina Tul Ilm Education Centre	9,000	—
Wabil	1,500	—
The Zahra Trust	3,000	—
Total	<u>640,387</u>	<u>—</u>

### 10. Net income/(expenditure)

	2017 £	2016 £
Depreciation of tangible fixed assets	279	—
Auditors/Independent Examiners remuneration	<u>7,200</u>	<u>2,400</u>



# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

#### 11. Staff costs

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

	<b>2017</b>	2016
	<b>£</b>	£
Wages and salaries	8,895	–
	<u>8,895</u>	<u>–</u>

The average head count of employees during the year was 1 (2016: Nil). The average number of full-time equivalent employees during the year is analysed as follows:

	<b>2017</b>	2016
	<b>No.</b>	No.
Number of staff	1	–
	<u>1</u>	<u>–</u>

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

#### 12. Trustee remuneration and expenses

No Trustees including Executive Trustee were remunerated. However, a Trustee kindly donated services, as shown in Note 17.

#### 13. Tangible fixed assets

	<b>Equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2017	–
Additions	1,796
<b>At 31 December 2017</b>	<u>1,796</u>
<b>Depreciation</b>	
At 1 January 2017	–
Charge for the year	279
<b>At 31 December 2017</b>	<u>279</u>
<b>Carrying amount</b>	
<b>At 31 December 2017</b>	<u>1,517</u>
At 31 December 2016	<u>–</u>

#### 14. Debtors

	<b>2017</b>	2016
	<b>£</b>	£
Other debtors	40,000	–
	<u>40,000</u>	<u>–</u>

#### 15. Creditors: amounts falling due within one year

	<b>2017</b>	2016
	<b>£</b>	£
Accruals	8,997	–
	<u>8,997</u>	<u>–</u>

# The Mainstay Foundation

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

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#### 16. Analysis of charitable funds

##### Unrestricted funds

	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
General funds	<u>20,802</u>	<u>1,011,890</u>	<u>(727,763)</u>	<u>304,929</u>

#### 17. Related Party Transactions

During the year the charity benefited from donated services totalling £10,000. These services were provided by Mr Hassan Al-Hakeem a Trustee of the charity. The donation has been valued in accordance with the charity's accounting policies.