

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Gurmeet Singh Davinder Singh Prit Popander Singh Kultar Singh Kapoor
Note	A list of committee members is disclosed in trustees' report
Charity number	1088637
Principal address	67-73 King Street Southall Middlesex UB2 4DQ
Auditor	KLSA LLP Kalamu House 11 Coldbath Square London EC1R 5HL
Bankers	National Westminster Bank Plc - Swanley Branch, Kent HSBC - Hayes Branch Metro - Hayes Branch

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

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AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

TRUSTEES REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and financial statements for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011 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 object of the Gurudwara is to advance education, provide a place of worship, to promote all aspects of Sikhism and to provide recreational and social welfare for the benefit and well-being of the Community.

The trustees have given due consideration to Charity Commission's published guidance on the Public Benefit requirement under the Charity Act 2011.

We aim through our Gurudwara Guru Nanak Darbar and Guru Nanak Dharmik School to provide a first class education to our boys and girls from the age of five to sixteen years old. We seek to provide a structured educational environment that develops our pupils' capabilities, competences and skills.

The core objectives and values of the Charity still remain the same and are as follows:

- ~ To advance the education of the public by the improvement and diffusion of knowledge and information about all aspects of Sikhism.
- ~ To promote the social, cultural and educational activities of the Sikh religion, thereby advancing the provision of advice, counselling and instruction relating to the spiritual heritage of Sikhism, the Punjabi language and its customs and traditions.
- ~ To promote the benefits of the Afghan Ekta Society to the neighbourhood, without distinction of sex, sexual orientation, race or of political, religious or other opinions.
- ~ To associate with those who live within the area of benefit and the local authorities, voluntary and other organisations in a common effort to advance education and to occupations. To generally improve the conditions of life for those who live within this area of benefit.
- ~ To establish, or secure the establishment of a community centre and maintain and manage this establishment in furtherance of the above objectives.
- ~ To remain non-party in politics and non-sectarian in religion.

The principal activity of the Community Centre continues to be that of organising several activities to their full potential and benefiting the Sikh community.

The total membership now stands at around 20,000 to 22,000 and is still increasing. Boys and girls, who are registered to receive education in Punjabi language and Keertan (religious hymns), currently stands at over 2,000. The classes are held throughout the week and from those that are registered, 700 students receive Punjabi language classes at the Featherstone Primary school, hired for Sunday classes. The trustees expressed their satisfaction for the activities being carried out at the Gurudwara.

Free meals continue to be served seven days a week to all, irrespective of colour, caste or creed and the free kitchen is staffed by people on voluntary basis, rest being contributed by the institution. Also, other charity organisations keep using our kitchen occasionally to feed people of all social categories.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

A commitment, for solemn peace and harmony, has been maintained by the continued efforts of the Management Committee, trustees and supported by the congregations. Continuous progress and emphasis is made by the Gurudwara on respect, tolerance to other cultures and cultivating human values in order to lead a good moral life.

Ideologies have been taught and encouragement to receive enlightenment of the Gurus and the learned Scholars who come to give lectures on the Universal brotherhood and tolerance to other ways of life, have been made in the community. It is intended that Sikh youths integrate in the society and cultivate good social and moral values to replace drug or alcohol abuse. It is pleasing to note that the youths are adhering to these values. They have shown great initiative, offering their voluntary assistance in key areas when we have organised religious days. We continue to have open and frank dialogue with them to discuss disadvantages of drug and alcohol abuse and every opportunity is taken to ensure that the law and order of the country is upheld at all cost.

The trustees and the members continue to consolidate its role towards building good interfaith relations. In order to achieve these relations, community members have visited other churches within this area, inviting other members of differing faiths who have enjoyed meeting one another to promote better understanding between the communities. Emphasis to respect and tolerate other cultures, cultivate human values, lead a good moral life and seek peace and harmony is made to all members of the association.

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

The charity maintains its co-operation and good relations with the Police and other local Government agencies.

The trustees have ensured that Health & Safety and Food & Hygiene regulations remain a priority and have been observed to everyone's satisfaction.

The charity supports active medical camps for the benefit of the elderly and the disabled providing general health checks, advising on blood pressure, diabetes, weight and healthy eating.

The work of the trustees and management committee has been endorsed showing complete trust and confidence in their ability to meet the charities objective and its welfare.

Sikhs continued to visit the Gurudwara from UK and Europe in order to celebrate the anniversary ceremony of the Holy book "the Guru Granth Sahib Ji".

Esteemed members of our society, such as the old and elderly people, continue to receive our respect and every effort is made to listen to their valuable advice. Every facility and assistance of the temple is offered to them.

The community members have shown their full trust and confidence in the new management committee and trustees. The appointment of the new members has been based on the age, good character, experience and skills of each individual for the betterment of the community and the charity.

Suggestions and constructive plans are always welcome for the improvement of our centre and we review this on regular basis bearing in mind the aims and objectives as laid down by our Constitution.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review

Total reserves including Restricted and Unrestricted funds stand at £9,353,806 at 31 December 2020 (2019: £9,348,188)

It is the policy of the Afghan Ekta that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Afghan Ekta's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year. The trustees are considering to set up a designated fund to ring fence the value of the building

Structure, governance and management

The Afghan Ekta is an unincorporated charity which is governed and operated within the requirement set out in its constitution.

The Trustees who served during the year and the details of management were listed as below.

G Singh

P Singh

The community members have shown their full trust and confidence in the new management committee and trustees. The appointment of the new members has been based on the age, good character, experience and skills of each individual for the betterment of the community and the charity.

Trustees:

Mr Gurmeet Singh

Mr Davinder Singh Prit

Mr Popander Singh

Mr Kultar Singh Kapoor

President (Managing the Committee)

Mr Satpal Singh Bindra

General Secretary

Mr Gurmeet Singh Madhan

Treasurer

Mr Armon Singh Maddan

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The day to day management of the charity has been delegated by the Trustees to the Executive Committee.

Executive Members

Mr.Manmit Singh
Mr.Sanjit Singh Chawla
Mr.Amarjeet Singh Khurana
Mr.Harminder Singh Gabha
Mr.Rajender Singh Soni
Mr.Papu Singh
Mr.Kulvant Singh
Mr.Gurmeet Singh Nagpal
Mr.Ram Singh
Mr.Paramjit Singh Gabha
Mr.Karamjit Singh Sachdeva
Mr.Bachan Singh Vigg
Mr.Sandeep Singh Arora
Mr.Jaspreet Singh
Mr.Pritpal Singh Bewas
Mr.Kulbeer Singh
Mr.Jasbir Singh Gulati
Mr.Sant Singh Kandusi
Mr.Narinder Singh Kapoor
Mr.Jetender Singh Chawla
Mr.Ajeet Singh
Mr.Mena Kaur Kaneja
Mr.Surjeet Kaur
Mr.Ram Singh Malhotra
Mr.Lal Singh Chadha
Mr.Doulat Singh Kapour
Mr.Manor Kaur
Mr.Gaurandar Kaur Poonyani
Mr.Hardit Singh Gurwara
Mr.Jaginder Singh
Mr.Jasbir Singh Sultanpuri
Mr.Balbir Kaur Bhatia

By the grace of almighty, the charity once again succeeded and maintained the past traditions and celebrated various religious events and programmes, such as Birthdays of Sikh Gurus, Vaisakhi, Bandhi Chorch Diwas, Diwali, Martyrdom days and New Year. The Charity also organised religious lectures, community meetings/ debates, meditation and yoga classes. We had elderly and young members of the community who participated in the various religious events organised throughout the year.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Trustees responsibilities

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).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Afghan Ekta and of the incoming resources and application of resources of the Afghan Ekta for that year.

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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Afghan Ekta and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Afghan Ekta and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees report was approved by the Board of Trustees.


G Singh
Trustee

Dated: 8 October 2021


P Singh
Trustee

Dated: 8 October 2021

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

Opinion

We have audited the financial statements of Afghan Ekta Cultural/Religious Community Centre (the 'Afghan Ekta') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 2020 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 Afghan Ekta in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the Trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Afghan Ekta's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 Afghan Ekta'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 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 the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence,
- capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

We also considered potential fraud drivers: including financial or other pressures, opportunity, override of controls and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journals, evaluating the business rationale of significant transactions outside the normal course of business and validating the appropriateness of internal controls and significant accounting estimations based on our fraud risk criteria;

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

We assessed the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with remote working and government grants.

We obtained understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the Financial Conduct Authority, financial reporting framework, tax regulations in the jurisdictions in which the company operates.

Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved: making enquiries of management, those responsible for legal and compliance procedures and reviewing other correspondence.

We communicated identified fraud risks and non-compliance with laws and regulations with those charged with governance, throughout the audit team and remained alert to any indications throughout the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ketan Shah (Senior Statutory Auditor)
for and on behalf of KLSA LLP

8 October 2021

Chartered Accountants
Statutory Auditor

Kalamu House
11 Coldbath Square
London
EC1R 5HL

KLSA LLP is eligible for appointment as auditor of the Afghan Ekta by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds 2019 £
<u>Income and endowments from:</u>					
Donations	3	682,580	-	682,580	1,118,250
<u>Charitable activities</u>					
Other trading activities	4	18,000	-	18,000	18,000
Investments	5	67	-	67	146
Other income	6	-	24,545	24,545	-
Total income and endowments		700,647	24,545	725,192	1,136,396
<u>Expenditure on:</u>					
Raising funds	7	77,423	-	77,423	146,467
Charitable activities	8	672,788	-	672,788	781,681
Total resources expended		750,211	-	750,211	928,148
Net gains/(losses) on investments	12	30,637	-	30,637	31,051
Net movement in funds		(18,927)	24,545	5,618	239,299
Fund balances at 1 January 2020		9,348,188	-	9,348,188	9,108,889
Fund balances at 31 December 2020		9,329,261	24,545	9,353,806	9,348,188

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		11,760,376		12,012,098
Current assets					
Stocks	14	9,201		16,738	
Debtors	15	11,900		49,091	
Investments	16	58,433		414,839	
Cash at bank and in hand		553,970		503,320	
		633,504		983,988	
Creditors: amounts falling due within one year	18	(287,822)		(440,904)	
Net current assets			345,682		543,084
Total assets less current liabilities			12,106,058		12,555,182
Creditors: amounts falling due after more than one year	19		(2,752,252)		(3,206,994)
Net assets			9,353,806		9,348,188
Capital funds					
Endowment funds			24,545		-
Income funds					
Unrestricted funds - general			9,329,261		9,348,188
			9,353,806		9,348,188

The financial statements were approved by the Trustees on 8 October 2021

G Singh
Trustee

P Singh
Trustee

[Signature]

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23		121,672		500,966
Investing activities					
Purchase of tangible fixed assets		(1,630)		(244,782)	
Proceeds on disposal of investments		368,274		(73,082)	
Investment income received		67		146	
Net cash generated from/(used in) investing activities			366,711		(317,718)
Financing activities					
Repayment of bank loans		(437,733)		45,017	
Net cash (used in)/generated from financing activities			(437,733)		45,017
Net increase in cash and cash equivalents			50,650		228,265
Cash and cash equivalents at beginning of year			503,320		275,055
Cash and cash equivalents at end of year			553,970		503,320

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

Afghan Ekta Cultural/Religious Community Centre is a registered charity, registered with the Charity Commission since 27 September 2001.

1.1 Accounting convention

The accounts have been prepared in accordance with the Afghan Ekta's Trustees Constitution, the Charities Act 2011 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)" (as amended for accounting periods commencing from 1 January 2016). The Afghan Ekta is a Public Benefit Entity as defined by FRS 102.

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

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Afghan Ekta 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 financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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 financial statements.

1.4 Incoming resources

Income is recognised when the Afghan Ekta 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 Afghan Ekta 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.

Gold and jewellery donations are measured at fair value. The donated gold and jewellery are valued at balance sheet date by professional gold valuation company and recognised as gold donation income.

Income for trading activities is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, net of discounts. All income from trading activities is used for charity purpose.

The income from activities for generating funds is recognised in the period in which the relevant activity takes place.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably, which is normally upon notification of the interest paid or payable by the bank.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Resources expended

All expenses are included in the financial statements on an accrual basis inclusive of any VAT which cannot be removed and is recognised when;

- There is a legal or constructive obligation to make a payment
- It is probable that settlement will be required
- The amount of the obligation can be measured reliably

Costs of raising funds

Costs incurred in attracting donations, and those incurred in trading activities that raise funds.

Governance costs

Costs associated with the constitutional and statutory requirements of the charity.

Support costs

The administrative and overhead costs associated with running the office from which the charity operates as well as governance costs.

1.6 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost over their useful lives on the following bases:

Land and buildings	2% Straight Line Method on buildings
Plant and machinery	20% Reducing Balance Method
Fixtures, fittings & equipment	20% Reducing Balance Method

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 Impairment of fixed assets

At each reporting end date, the Afghan Ekta reviews the carrying amounts of its tangible 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).

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs compared to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are perishable food for free meals served to all visitors, which are stated at cost. The stocks are fast moving items and no provisions for slow moving and obsolete stocks.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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.

1.10 Financial Instruments

The Afghan Ekta 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 Afghan Ekta's balance sheet when the Afghan Ekta 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.

Donated gold is initially measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Any transaction costs and valuation fees are expensed as incurred.

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.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 payments 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 Afghan Ekta's contractual obligations expire or are discharged or cancelled.

1.11 Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Critical accounting estimates and judgements

In the application of the Afghan Ekta'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.

Critical Judgements

Obsolete stocks.

There are on provisions for slow moving and obsolete stocks.

Fixed assets useful lives

Building useful life is estimated as 100 years and other fixed assets's useful life such as plant and machinery is 5 years.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Donations

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Donations and gifts	624,513	1,076,219
Other	58,067	42,031

Others are donated gold which is valued by Gold Bank London at the balance sheet date. The total addition of £58,067 was recognised as donation income (2019- £42,031).

Donation in kind of the year was not included because of the volunteer time and value cannot be measured reliably.

4 Other trading activities

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Antenna Income	18,000	18,000

5 Investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Interest receivable	67	146

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Other income

	Endowment funds	Total
	2020 £	2019 £
Coronavirus Job Retention Scheme Grant	14,545	-
Covid19 - Business support grant	10,000	-
	<u>24,545</u>	<u>-</u>

7 Raising funds

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
<u>Fundraising and publicity</u>		
Food cost	77,423	146,467
	<u>77,423</u>	<u>146,467</u>

8 Charitable activities

	Charitable activities 2020 £	Governance costs 2020 £	Total 2020 £	Total 2019 £
Charitable activities	60,000	-	60,000	-
Donation to charities	6,000	-	6,000	7,937
	<u>66,000</u>	<u>-</u>	<u>66,000</u>	<u>7,937</u>
Share of support costs (see note 9)	589,550	-	589,550	721,527
Share of governance costs (see note 9)	-	17,238	17,238	52,217
	<u>655,550</u>	<u>17,238</u>	<u>672,788</u>	<u>781,681</u>

The donation to charity consists of £6,000 to Khalsa Diwan Afghanistan a registered charity in UK, £Nil (2019:£7,937) to Guru Nanak Darbar, a registered charity in UK and £60,000 The Manmeet Singh Bhullar Foundation, a registered charity through the Canadian Revenue Agency.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Staff costs	74,373	-	74,373	80,939	-	80,939
Depreciation	253,352	-	253,352	255,704	-	255,704
Rent	12,047	-	12,047	58,644	-	58,644
Rates	27,017	-	27,017	15,307	-	15,307
Insurance	24,035	-	24,035	23,227	-	23,227
Light and Heat	38,985	-	38,985	13,286	-	13,286
Cleaning and Casual	35,759	-	35,759	44,703	-	44,703
Repairs and Renewals	37,982	-	37,982	48,859	-	48,859
Motor & Travel expenses	1,815	-	1,815	4,290	-	4,290
Printing, postage and Telecom	3,419	-	3,419	9,683	-	9,683
Interest paid on Loan	76,408	-	76,408	123,820	-	123,820
Bank Charges	4,358	-	4,358	43,065	-	43,065
Audit fees	-	9,090	9,090	-	9,600	9,600
Legal and professional	-	8,148	8,148	-	42,617	42,617
	<u>589,550</u>	<u>17,238</u>	<u>606,788</u>	<u>721,527</u>	<u>52,217</u>	<u>773,744</u>
Analysed between Charitable activities	<u>589,550</u>	<u>17,238</u>	<u>606,788</u>	<u>721,527</u>	<u>52,217</u>	<u>773,744</u>

Governance costs includes gross payments to the auditors of £9,090 (2019- £9,600) for audit fees.

Rent is a cost on renting classroom on daily bases to support education and school meeting activities. There is no lease agreements or commitment signed at 31 December 2020.

10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Afghan Ekta during the year.

11 Employees

Employment costs	2020 £	2019 £
Wages and salaries	<u>74,373</u>	<u>80,939</u>

Average number of employees in 2020:5 (2019: 6). At the balance sheet date, £2,007 pension contribution was made by employer. There are no employees who received employee benefits (excluding employer pension costs) of more than £60,000.

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Net gains/(losses) on investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Revaluation of investments	18,769	31,051
Gain/(loss) on sale of investments	11,868	-
	<u>30,637</u>	<u>31,051</u>

13 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2020	13,063,798	30,532	142,228	13,236,558
Additions	-	1,630	-	1,630
At 31 December 2020	<u>13,063,798</u>	<u>32,162</u>	<u>142,228</u>	<u>13,238,188</u>
Depreciation				
At 1 January 2020	1,105,266	26,719	92,476	1,224,461
Depreciation charged in the year	242,313	1,088	9,950	253,351
At 31 December 2020	<u>1,347,579</u>	<u>27,807</u>	<u>102,426</u>	<u>1,477,812</u>
Carrying amount				
At 31 December 2020	<u>11,716,219</u>	<u>4,355</u>	<u>39,802</u>	<u>11,760,376</u>
At 31 December 2019	<u>11,958,532</u>	<u>3,813</u>	<u>49,753</u>	<u>12,012,098</u>

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>9,201</u>	<u>16,738</u>

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	5,400	42,591
Prepayments and accrued income	6,500	6,500
	<u>11,900</u>	<u>49,091</u>

16 Current asset investments

	2020 £	2019 £
Donated gold	<u>58,433</u>	<u>414,839</u>

17 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>2,896,226</u>	<u>3,333,959</u>
Payable within one year	143,974	126,965
Payable after one year	<u>2,752,252</u>	<u>3,206,994</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>2,320,329</u>	<u>2,826,099</u>

The long-term loans are secured by fixed charges over Afghan Ekta Cultural/Religious Community Centre's freehold properties.

The bank loans are subject to commercial rates of interest and repayable by monthly instalments of capital and interest for 20 years.

18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	17	143,974	126,965
Other creditors		133,360	228,555
Accruals		10,488	85,384
		<u>287,822</u>	<u>440,904</u>

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	17	2,752,252	3,206,994

20 Analysis of net assets between funds

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds 2019 £
Fund balances at 31 December 2020 are represented by:				
Tangible assets	11,760,376	-	11,760,376	12,012,098
Current assets/(liabilities)	345,682	-	345,682	543,084
Long term liabilities	(2,752,252)	-	(2,752,252)	(3,206,994)
	<u>9,353,806</u>	<u>-</u>	<u>9,353,806</u>	<u>9,348,188</u>

21 Related party transactions

There were no disclosable related party transactions during the year (2019- none). No trustee received any remuneration during the year. Other than the trustees, the charity does not consider itself to have any other key management personnel. No expenses were reimbursed to trustees. No trustee or other person related to the charity had any interest in any contract or transaction entered into by the charity during the year or the preceding year.

22 Taxation

Afghan Ekta Cultural/Religious Community Centre is exempt from tax on income and gains to the extent that these are applied to its charitable objectives.

23 Cash generated from operations

	2020 £	2019 £
Surplus for the year	5,618	239,299
Adjustments for:		
Investment income recognised in statement of financial activities	(67)	(146)
Foreign exchange differences	18,769	31,051
Gain on disposal of investments	(11,868)	-
Fair value gains and losses on investments	(18,769)	(31,051)
Depreciation and impairment of tangible fixed assets	253,352	255,704
Movements in working capital:		
Decrease in stocks	7,537	262
Decrease/(increase) in debtors	37,191	(49,091)
(Decrease)/increase in creditors	(170,091)	54,938
Cash generated from operations	<u>121,672</u>	<u>500,966</u>

AFGHAN EKTA CULTURAL/RELIGIOUS COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Analysis of changes in net (debt)/funds

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	503,320	50,650	553,970
Loans falling due within one year	(126,965)	(17,009)	(143,974)
Loans falling due after more than one year	(3,206,994)	454,742	(2,752,252)
	<u>(2,830,639)</u>	<u>488,383</u>	<u>(2,342,256)</u>