

CHARITY REGISTRATION NUMBER 1105086

COMPANY REGISTRATION NUMBER 04759091

**SERVE AFGHANISTAN**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## SERVE AFGHANISTAN

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr P J Fitzgerald Mr M Larson Mr P J Vander Meulen Ms J M Collins Dr. S Varughese	(Appointed 27 March 2021)
<b>Secretary</b>	Mr M Larson	
<b>Executive Director</b>	Mr K Dhanabalan	
<b>Charity number</b>	1105086	
<b>Company number</b>	04759091	
<b>Principal address</b>	PO Box 4015 Karte Char Kabul Afghanistan	
<b>Registered office</b>	c/o UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield South Yorkshire S8 0XF	
<b>Auditors</b>	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF	

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## SERVE AFGHANISTAN

### LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)

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#### Bankers

HSBC  
2 Queens Road  
Aberdeen  
AB15 4ZT

Azizi Bank  
Zanbaq Square  
Kabul City  
Afghanistan

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## **SERVE AFGHANISTAN**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021**

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The trustees present their annual report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and activities**

The charitable company's objects are:

- a) To relieve poverty, suffering and distress among the sick, the aged, the homeless, the needy and displaced persons in any part of the world.
- b) To promote and provide for the advancement of education and training.

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives of the charitable company. Serve Afghanistan works with poor and marginalised people in Afghanistan irrespective of their ethnic background, religion, gender or social standing.

The charitable company is dependant on the services of its expatriate staff to carry out its objectives. Most of the expatriates give their time without charge. It is not possible to quantify the value of this benefit to the charitable company. Out of pocket expenses are reimbursed to the staff and are shown under travelling expenses in the financial statements.

## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Achievements and performance**

During the year, the charitable company carried out various activities in Afghanistan, in pursuit of the aims stated above. However, due to the conflict and crisis situation, the activities were suspended in the field from Mid-August to end of October, 2021.

The charitable company's activities have been categorised according to three types:

1. **Community development** activities facilitated in empowering the target communities by strengthening the Local Leader group (shuras) and Self-Help Group (SHG). The CDP also provided livelihood opportunities to vulnerable and poor families, and increased health knowledge & practice among the target community especially women.  
In the Eastern Region there is also a significant focus on minority language development with the Pashai people.
2. **Mainstreaming people with disabilities**, to empower and equip institutions and communities towards the integration of people with disability (mainly those with visual and hearing impairments) into mainstream life. Serve work with Visually Impaired, Hearing Impaired and low vision children. The particular focus has become inclusive education. For sustainability, Serve work with Model Schools where the school and community take responsibility for the inclusion of disabled children in the education system and Serve phases out after 3 years.
3. **Emergency Relief Programme**, where food and non-food items and cash given to individual families to cope with the hazard such as Covid, conflict, cold wave and floods to overcome the vulnerable situation they face to sustain their lives.

#### **1. In relation to Community Development:**

The goal of the **Kandahar Community Development Project** is to contribute to the empowerment of vulnerable communities in the Southern region of Afghanistan, strengthening their ability to identify and address their basic/felt needs. The project aims to do this by strengthening and expanding the community organisational structures in the selected areas, mobilising and encouraging the community to increase the participation of vulnerable people and building the capacity of community members so that they can better obtain the skills and resources needed to meet basic needs.

Achievements in 2021 included:

- KCDP supported and strengthened 6 male and 6 female shuras.
- Conducted training on leadership, health issues and advocacy for 36 male and 48 female shura members.
- KCDP met weekly with the shuras to discuss their problems and build up their capacity.
- KCDP have trained old 6 self-help group (SHG) members in leadership development, SHG concepts, community health, livelihood, disaster mitigation and advocacy.
- KCDP surveyed the new village (Zoor Shar) and formed 6 new self-help groups – 2 male and 4 female – at the beginning of the year.
- 28 female and 5 male members of SHGs received loans for their family needs and repaid them on time.
- KCDP trained and encouraged all new SHG members for advocacy initiatives.

From July 2021, the activities of KDCP were suspended due to the conflict in the region.



## **SERVE AFGHANISTAN**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021**

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The **Central Region Community Development Project (CRCDP)** aims to help vulnerable Afghan communities build up strong social structures to address local problems by developing and mobilising local capacities. By altering counterproductive attitudes and behaviour, that inhibit development and to empower individuals, families and communities so that they are able to change their lives in a sustainable way. Through Self Help Groups, the members are supported with an essential empowerment package such as a savings scheme and loan programme (expertise brought in by Serve and savings and loans developed without Serve capital input), and a capacity building programme containing lessons regarding public health, advocacy, business development, kitchen gardening, disaster mitigation, livestock keeping, gender equality, leadership, etc.

Achievements in 2021 included:

- 20 shuras were strengthened through various programmes. 10 female shuras could not function after August due to political change in the country.
- Stationery was purchased for shura training.
- Conducted training for 35 women's community development committee members in Shakar Dara district in the first six months.
- 80 male and female village shura members attended the quarterly meetings.
- The project strengthened 10 existing SHGs with a total membership of 250 which had been formed in 2020. 10 new SHGs were formed in Jan – Feb 2021.
- The SHG members are receiving loans from their group savings. Most of them use it for urgent needs of the family or small livelihood programmes.
- The project purchased and distributed stationery, blackboards and notebooks, saving and loan pass books and chalk to SHGs.
- The project female workers conducted weekly meetings of the self-help groups including monitoring their savings and loans. Meetings were conducted by phone after August 2021.
- A survey was conducted and 25 community health workers (CHWs) were identified. Meetings were conducted with Ministry of Public Health (MoPH) to understand the roles, expectations and support of the CHWs as they had not previously received any training or orientation from the government.
- The project printed 6 health training modules for both the trainers and CHWs.
- 13 SHG members received livelihood support. A market survey was conducted on the type of business people wanted. 13 heifers were distributed to selected SHG members.
- Compost tools were purchased but could not be distributed due to the political situation.
- 2 SHGs were provided disaster management grant. One SHG used it for making a concrete road on their street and the other one is using it to repair an approach road.
- Training was conducted for 20 trainees on maintenance and repairing of handpumps.
- The project purchased water hand pump machines, skewer, washers, cylinder etc in the month of June.

Some activities were not conducted since the project activities were suspended for almost 4 months in the second half of the year due to the crisis situation.

## **SERVE AFGHANISTAN**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021**

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The **Eastern Region Community Development Project (ERCDP)** is primarily aimed at addressing the issues of multi-dimensional poverty and the marginalisation of people of minority language, women, poor and other groups.

Achievements in 2021 included:

- 22 Shuras, 12 from the last year and 10 from 2021 (10 male and 12 female) were supported and strengthened.
- 5 Shuras (3 male and 2 female) in Dara-I-Noor, 7 Shuras (2 male and 5 female) Shewa, 10 Shuras (5 female and 5 male) in Mehterlam city.
- 11 new SHGs (3 male and 8 female) were formed in Jan 2021 in Dara-i- Noor, Shewa, Mehterlam city and Qarghayi districts.
- Supported and strengthened existing 12 SHGs (from 2020) and 11 new SHGs with 460 members.
- 11 new SHGs were trained during the first six months of the year.
- Conducted meetings for 23 SHGs on a monthly basis and contributed money towards their saving.
- Training was conducted for 20 CHWs (10 Shewa+10 Qarghayee).
- Purchased and distributed 14 heifers for 14 selected group members.
- Conducted training for 116 farmers on animal husbandry, milk processing, common diseases, prevention & control of diseases during first six months in Mehterlam and Qarghayi district.
- Conducted training on Business development (tailoring program) for 70 SHG members (30 male and 40 female SHG members) in Qarghayi, Shewa and Dara-i- Noor districts.
- Conducted vocational training for 73 SHG members (43 female and 30 male) in Qarghayi, Shewa and Dara-i- Noor districts.
- Raw materials (sewing needle, thread, scissors, machine oil, cloth etc) were provided for business development to 66 SHG members in Qarghayi and Shewa.
- Compost training conducted for 69 farmers (39 male & 30 female) in Qarghayi and Mehterlam.
- Maintenance and repair of 6 water hand pumps (4 Qarghyi & 2 Dara-i- Noor). 3 in 1st six month and 3 in last six months of 2021.

Some activities were not conducted since the project activities were suspended for almost 4 months in the second half of the year due to the crisis situation.

#### **Minority (Pashai) Children Education Programme**

- Training was conducted for 32 Incentive Teachers and 4 supervisors.
- Stationery and education materials were purchased.
- The stationery and education materials were distributed to 320 children.
- Classes were conducted for 3 hours each day for 5 days in a week for preschool children.
- Classes are conducted in the after-school programme for 1 ½ hours, 5 days a week.
- The project staff attended monthly meeting conducted by the education department.

Classes were not conducted for few months in the second six months of the year due to the crisis situation in the country.



## **SERVE AFGHANISTAN**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **2. In relation to mainstreaming people with disabilities:**

**Serve's Eastern Region Disability Project (ERDP)** focuses mainly on the hearing and visually impaired children (HI and VI) and seeks to influence the wider community in Nangarhar and Laghman Provinces regarding attitudes to disabled people. The project works to improve the quality of life for people with disabilities by promoting rehabilitation, equal opportunities, integration and protection of the rights of persons with disability, leading to their full participation in educational, economic, social, political and cultural activities in their communities.

Achievements in 2021 included:

- Conducted survey in Qarghai district and Mehterlam city of Laghman province and Sorkhroad in Shewa district, Jalalabad city of Nangarhar Province.
- Total of 303 children with disabilities (CwDs) attended home-based classes, PSP and inclusive education classes this year.
- Distributed some class materials and stationery to 148 HI and 105 VI students. Bags, braille papers, Sport materials for VI, talking watch, tape recorder, white board, trunk, farsh (carpet), water coolers, note books, pen, pencil, colour pencil, marker, eraser were purchased for HI and VI Students and were distributed to them.
- The project continued supporting and monitoring 148 HI students to continue their education.
- 32 CwDs (22M, 10F) were referred to other NGOs for rehabilitation assistance and they received the devices.
- Supervisors and teachers conducted 5 meetings with the parents of CwDs on the issues of disability.
- 20 Incentive Teachers received refresher training.
- 9 teachers were trained on Afghan sign language (AFSL) grammar and 11 teachers in Braille and Orientation Mobility.
- 4 Interpreters received refresher training on AFSL Grammar.
- Provide training/ refresher training for the 12 trainers of 4 model schools each year.
- Trained 4 inclusive education awareness committee (IEAC) members to increase their monitoring skill.
- 100 (50M, 50F) hearing students received 4 days training in 2 government schools. They learned AFSL so that they can communicate with HI students.
- Awareness programmes were conducted for Shuras.

Some activities could not be conducted due to the crisis situation from August to October.

## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

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Serve's **Central Region Disability Project (CRDP)** aims to strengthen and empower people with disabilities towards full participation in every aspect of life – utilising rehabilitation, awareness, advocacy, education, as well as social support.

Achievements in 2021 included:

- Stationery and educational materials were distributed to 433 CwDs (131 VI, 143 HI, 86 low vision, 25 movement impaired and 48 physically impaired).
- 4 model schools selected and in each school one IEAC established.
- 9 LV and 1 VI students referred to the relevant hospitals for rehabilitation devices.
- Family meetings with 68 HI and 45 VI families were held on different dates and areas.
- Meetings with the IEAC held monthly.
- 185 school teachers trained in inclusive education.
- Provided interpreting and AFSL grammar training at the Faculty of Special Education for 5 days for 6 people.
- Facilitated visits to the 30 Special Education faculty students for their practically work with HI and VI students.
- Trained 48 IEAC members to advocate and raise awareness in their communities.
- 20 AFSL trainers and helpers got training in AFSL and AFSL Grammar.
- Education materials such as Braille books, Audio books etc. were developed and distributed.
- Verification of transcribed Braille books was done.
- 30 University students were provided AFSL grammar training.

Some activities could not be completed due to the crisis situation in the second six months.

The **Kandahar Disability Project (KDP)** in the Southern Region works to provide inclusive education of visually and hearing impaired children in government schools.

Achievements in 2021 included:

- Survey was conducted.
- Enrolled 8 New Hearing-Impaired children in preschool. 3 VI children were also identified through the survey.
- The old 12 HI students are being taught in Home Based Programme (HBP).
- 16 VI students attended preschool and HBP. 4 VI students passed exams and enrolled in IE (Regular classes) in the Govt schools.
- Conducted after-school class for 2½ hours for VI students by trained Incentive Teachers. Classes were suspended for 4 months, but could resume again from the last week of October.
- 12 VI students received Braille School curriculum books.
- Conducted 6 IEACs meetings in two Model schools till June.
- Organized Three-day IE Seminar for 20 IEAC members in two Model schools in June 2021.
- Organized one Parent and teachers' meeting in Male school in July 2021.
- Conducted one day IE awareness program for 30 male teachers and 27 female teachers at 4 government schools.
- Conducted 10 days training for 6 Master trainers in two model schools on AFSL, Braille & inclusive education concept and teaching methodology.

Some activities were not done since the project had to be suspended for few months in the second six months.



## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. In relation to Emergency Relief Programme-

During 2021, the charity undertook the **Emergency relief programme** for the Internally Displaced People (IDP) in the Eastern region of the country in response to effects of the conflict and crisis situation in Afghanistan. Achievements included:

1. In Jalalabad city, 385 families were provided relief. The distribution took place on 18th of July 2021. The items provided were-

Materials given	
Food package	Hygiene kit
Flour – 100 kg Rice – 49 kg Oil – 10 litres Red bean – 14 kg Salt – 4 kg	Handwash soap – 8 pieces Laundry soap – 10 pieces Tooth paste – 4 tubes Tooth brush – 16 pieces Masks (washable) – 16 pieces

2. In Mehtarlam city 1000 families were provided Relief. The distribution took place from July 14th to 11th of August, 2021.

Materials given	
Food package	Hygiene kit
Flour – 50 kg Rice – 24.5 kg Oil – 5 litres Red bean – 7 kg Salt – 2 kg	Hand wash soap – 4 pieces Laundry soap – 5 pieces Tooth paste – 2 tubes Tooth brush – 8 pieces Masks (washable) – 8 pieces

## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Covid Phase II Relief Programme**

Covid Phase II project was implemented among those people who have either faced a setback or lost their livelihood due to the Covid-19. The project aimed at assisting 179 people to start or restart their livelihood. 30 people from CRDP, 30 from CRCDP, 30 from ERDP, 30 from ERCDP and 59 from Kandahar.

1. **Petty business:** 44 people were provided grant to start petty business. Vegetable vendour-6, food cart/street food-2, popcorn-1, fruit selling-2, beverage-1, retail& grocery shop- 24, push card selling petty things- 2, shoe selling-2, mobile shop for women's clothes-1, dairy products- 1, food selling in wooden shop-2.
2. **Skill based Livelihood:** 61 people were provided grant/ tools to engage in various Skills based livelihood. Tailoring- 34, embroidery work- 2, Barber shop- 1, snack making -1, radiator fixing 1, Herbal medicine-3, Tin plate-1, candle making-1, Zarang Repairing-1, Bicycle repair shop-4, electrical repair shop-1, car mechanic-3, Welding work-3, carpentry work-2, butchery-1, carpet sewing- 1 and cobbler-1.
3. **Livestock and Poultry programme:** 74 people are engaged in livestock rearing and poultry. Livestock rearing (goat and heifer)- 45, Poultry and egg selling-2.



## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Financial review

The financial statements for the year are set out in pages 17 to 39. The Statement of Financial Activities on pages 17 and 18 reflects net incoming resources of \$293,506 (2020: net outgoing resources of \$26,565).

The trustees review the charitable company's reserves policy annually and regularly assess the adequacy of reserves against this policy.

The charitable company's policy aims to achieve a balance between its operating working capital and a level of reserves to be able to cope with unexpected events. Such events may include crisis response, evacuation and repatriation of expatriate and local staff, unexpected gaps in donor funding, local disaster response or sudden loss of assets or premises. Due to the highly unpredictable nature of the operating environment in Afghanistan and a degree of uncertainty over income flows, it has been the charitable company's policy to maintain unrestricted funds (excluding asset funds), which have arisen from past operating results, of 6 months or 30% of operating expenditure excluding relief projects.

At 31 December 2021 unrestricted funds amounted to \$353,609 (2020: \$357,245), (of which designated funds amounted to \$106,027 (2020: \$106,027)) and restricted funds were \$450,764 (2020: \$153,622), totalling \$804,373 (2020: \$510,867). This is above the target level and therefore the charitable company is planning to reduce its reserves level over the coming years.

Restricted funds are subject to specific conditions imposed by donors.

The charity receives the majority of its funding in the form of grants from international relief and development charities. A breakdown of expenditure according to the categories of activity shown above is shown in the Statement of Financial Activities and accompanying notes.

The trustees have overall responsibility for the charitable company's system of internal control. Such a system can provide only reasonable and not absolute assurance against errors or frauds. There is a clear delegation of the trustees' authority through the Executive Director to the rest of the organisation.

The charitable company operates an annual planning and budgeting system with an annual budget approved by the Board of trustees. A financial reporting system compares results with the budget on a monthly basis.

A detailed register of the risks faced by the charitable company is maintained. This register identifies the major strategic and operational risks faced and how they are being managed. This register is reviewed annually by the trustees to reassess these risks and introduce procedures to address them as required.

The trustees are satisfied that systems are in place to monitor, manage and mitigate the charitable company's exposure to major risks. They consider that maintaining the charitable company's general reserves at the levels stated above and reviewing progress on addressing the charitable company's risk environment through the risk register will provide the charitable company with adequate risk assurance and sufficient resources in the event of adverse conditions. They also recognise that the nature of some of the charitable company's work requires active acceptance and management of some risks when undertaking activities to achieve its objectives.

## **SERVE AFGHANISTAN**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Financial risk**

The charitable company does not use complex financial instruments; it manages its activities using cash and cash equivalents and various items that arise directly from its operations.

The existence of these financial instruments exposes the charitable company to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - the charitable company manages its cash and cash equivalent resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - the charitable company earns interest on cash and cash equivalent deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the trust's assets.

Credit risk – this arises from the possibility that amounts owed to the charitable company will not be repaid. The charitable company does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and investment companies and the prompt collection of amounts due.

#### **Future Plans**

In 2021 Serve Afghanistan initiated a strategic planning process for the period of 2022 to 2024. However in August 2021, the Taliban took power throughout the country. This resulted in the suspension of activities for a number of projects and uncertainty about future operations. Since that time, the Charity has been able to restart its activities and received letters of authorisation for its ongoing work in the country. During late 2021, and through 2022, the Charity has been able to continue much of its core programmes as well as undertake relief interventions in response to the ongoing crisis in the country. The strategic planning process is expected to recommence towards the end of 2022 that will account for the new economic and political situation in the country.

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

Serve Afghanistan is a company limited by guarantee and a charity registered in England and Wales. The charitable company operates from Karte Char, Kabul, Afghanistan.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr P J Fitzgerald

Mr M Larson

Mrs G Nissley

(Resigned 27 March 2021)

Mr P J Vander Meulen

Ms J M Collins

Dr. S Varughese

(Appointed 27 March 2021)



## SERVE AFGHANISTAN

### TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

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Nominations for appointment of trustees come from within the trustee board. Appointments are approved by a majority of the other trustees. Usually, those appointed will have connections to the organisation and have had exposure to the charity's work in Afghanistan.

There is an informal induction and training process for trustees.

The trustees (listed above) are responsible for the overall direction of the charity. Responsibility for the day to day management of the Charity's central administration is delegated to the Executive Director who is supported by a Senior Finance Manager. During the year, the senior members of staff were the Executive Director and the Senior Management Team:

Kennedy Dhanabalan: Executive Director  
Zulaikha Bashir: Senior Manager for Community Development  
Sajim Pardes: Senior Manager (Technical advisor for Disability)  
Saber Alimi, Manager (OD)  
Hashim Fitrat: Senior Finance Manager  
Mujtaba Khan: Senior Operations Manager

Among them the following staff resigned in October 2021  
Zulaikha Bashir: Senior Manager for Community Development  
Hashim Fitrat: Senior Finance Manager

Saber Alimi's designation now is Manager (Projects & OD)

Remuneration of key management personnel is discussed at board meetings. Consideration is made of the pay required for expatriate staff to work in Afghanistan.

#### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



**Mr M Larson**

Trustee

Dated: 8 December 2022

## **SERVE AFGHANISTAN**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The trustees, who are also the directors of Serve Afghanistan for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6 Broadfield Court  
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Sheffield  
S8 0XF

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVE AFGHANISTAN**

### **Opinion**

We have audited the financial statements of Serve Afghanistan (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 December 2021 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 Companies Act 2006.

### **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 charitable company 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 charitable company'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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVE AFGHANISTAN CONTINUED**

### **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, except to the extent otherwise explicitly stated in our report, 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVE AFGHANISTAN CONTINUED**

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

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

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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVE AFGHANISTAN CONTINUED**

Based on our understanding of the charity and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charity's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Charity Commission, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and in testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 or intentional 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.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

**Roland Givans (Senior Statutory Auditor)**  
**for and on behalf of UHY Hacker Young**

8 December 2022

**Chartered Accountants**  
**Statutory Auditor**



**SERVE AFGHANISTAN**

**STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Unrestricted funds general \$	Unrestricted funds designated \$	Restricted funds \$	Total 2021 \$	Unrestricted funds general \$	Unrestricted funds designated \$	Restricted funds \$	Total 2020 \$
<b><u>Income and endowments from:</u></b>									
Donations and legacies	3	94,035	-	1,309,263	1,403,298	6,186	-	1,089,274	1,095,460
Charitable activities	4	-	-	9,913	9,913	-	-	-	-
Investments	5	142	-	-	142	1,707	-	-	1,707
Other income	6	-	-	3,978	3,978	6,615	-	8,218	14,833
<b>Total income</b>		<b>94,177</b>	<b>-</b>	<b>1,323,154</b>	<b>1,417,331</b>	<b>14,508</b>	<b>-</b>	<b>1,097,492</b>	<b>1,112,000</b>
<b><u>Expenditure on:</u></b>									
Charitable activities	7	171,417	-	885,891	1,057,308	188,095	-	958,964	1,147,059
Other	12	3,356	-	-	3,356	-	-	-	-
<b>Total resources expended</b>		<b>174,773</b>	<b>-</b>	<b>885,891</b>	<b>1,060,664</b>	<b>188,095</b>	<b>-</b>	<b>958,964</b>	<b>1,147,059</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(80,596)</b>	<b>-</b>	<b>437,263</b>	<b>356,667</b>	<b>(173,587)</b>	<b>-</b>	<b>138,528</b>	<b>(35,059)</b>

**SERVE AFGHANISTAN**

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

Net (outgoing)/incoming resources before transfers	(80,596)	-	437,263	356,667	(173,587)	-	138,528	(35,059)
Gross transfers between funds	140,121	-	(140,121)	-	139,661	-	(139,661)	-
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources	59,525	-	297,142	356,667	(33,926)	-	(1,133)	(35,059)
Other recognised gains and losses								
Other gains or losses	13	(63,161)	-	(63,161)	8,494	-	-	8,494
Net movement in funds	(3,636)	-	297,142	293,506	(25,432)	-	(1,133)	(26,565)
Fund balances at 1 January 2021	251,218	106,027	153,622	510,867	276,650	106,027	154,755	537,432
<b>Fund balances at 31 December 2021</b>	<b>247,582</b>	<b>106,027</b>	<b>450,764</b>	<b>804,373</b>	<b>251,218</b>	<b>106,027</b>	<b>153,622</b>	<b>510,867</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

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

# SERVE AFGHANISTAN

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		\$	\$	\$	\$
<b>Fixed assets</b>					
Tangible assets	14		12,925		26,744
<b>Current assets</b>					
Debtors	15	89,679		4,600	
Cash at bank and in hand		773,251		772,342	
		862,930		776,942	
<b>Creditors: amounts falling due within one year</b>	17	(71,482)		(292,819)	
Net current assets			791,448		484,123
<b>Total assets less current liabilities</b>			804,373		510,867
<b>Income funds</b>					
Restricted funds	19		450,764		153,622
<u>Unrestricted funds:</u>					
Designated funds	20	106,027		106,027	
General funds		247,582		251,218	
			353,609		357,245
			804,373		510,867

The financial statements were approved by the board of directors and authorised for issue on 8 December 2022 and are signed on its behalf by:



Mr M. Larson  
Trustee

Company Registration No. 04759091

# SERVE AFGHANISTAN

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	\$	2021	\$	\$	2020	\$
<b>Cash flows from operating activities</b>							
Cash generated from/(absorbed by) operations	24			23,387		(39,544)	
<b>Investing activities</b>							
Purchase of tangible fixed assets		(4,302)			(13,059)		
Proceeds on disposal of tangible fixed assets		120			147		
Investment income		142			1,707		
<b>Net cash used in investing activities</b>				(4,040)		(11,205)	
<b>Financing activities</b>							
Proceeds from borrowings		44,723			-		
<b>Net cash generated from/(used in) financing activities</b>				44,723		-	
<b>Net increase/(decrease) in cash and cash equivalents</b>				64,070		(50,749)	
Cash and cash equivalents at beginning of year				772,342		814,597	
Effect of foreign exchange rates				(63,161)		8,494	
<b>Cash and cash equivalents at end of year</b>				773,251		772,342	



# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

#### Charity information

The charity is a company limited by guarantee, incorporated in England and Wales and has no share capital. The liability of each member in the event of winding-up is limited to £5. At 31 December 2021, there were 5 members (2020: 5 members).

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in US Dollars (\$). Monetary amounts in these accounts are rounded to the nearest \$.

The currency of the primary economic environment in which the organisation operates (its functional currency) is Afghanistan Afghani (AFN).

The financial statements have been prepared under the historical cost convention. 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 charitable company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of these accounts.

In reaching that conclusion the trustees are confident that the charity has sufficient liquidity and unrestricted reserves to meet its debts as they fall due over that period. They have also considered the possibility of having to cease operations in Afghanistan and are confident that they have sufficient reserves for an orderly reduction in operations. The charity has a history of having Ministry of Economy approval to operate in Afghanistan and despite the political changes they have continued to receive approval from the Ministry. The trustees also continue to have support from their funding partners and are confident that the charity can continue providing support through their work in community development and empowering of people with disabilities.

#### 1.3 Charitable funds

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

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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.

# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.4 Income

Income is recognised when the charitable company 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 grants and donations are recognised once the charitable company has been notified of the grant or 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.

The charity is dependent on the services of its expatriate staff to carry out its objectives. Most of the expatriates give their time without charge and it is not possible to quantify the value of this benefit to the charity. Out-of-pocket expenses are reimbursed to the staff and are shown under travelling expenses in the financial statements.

Trading income represents income from evaluation services provided to other charities and the printing of Braille material.

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Regional office support costs have been allocated to activities based upon annual budgeted expenditure and other support costs have been allocated to activities based upon actual expenditure.

#### 1.6 Tangible fixed assets

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

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

Computer equipment	33.33% straight line
Office equipment	20% straight line
Motor vehicles	20% straight line

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 the statement of financial activities.



# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.7 Impairment of fixed assets

At each reporting end date, the charitable company 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).

Recoverable amount is the higher of fair value less costs 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 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.

Ethical investments are social investments made in support of development projects, which benefit disadvantaged and marginalised individuals.

#### 1.9 Financial instruments

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

Financial instruments are recognised when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts 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.

## SERVE AFGHANISTAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

(Continued)

##### **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.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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 charitable company's contractual obligations expire or are discharged or cancelled.



# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Foreign exchange

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

#### 1.12 Employee savings fund

All Serve employees become part of the Serve savings scheme after working for one year. Under this scheme an amount is deducted monthly for each employee according to their grade on the Serve salary scale and the same amount is contributed by Serve towards a fund that is available to the employee for certain expenses. The Employee Savings Fund is kept in a separate account to the rest of Serve's funds. The fund is included in creditors.

### 2 Critical accounting estimates and judgements

In the application of the charitable company'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.

The trustees do not consider there to be any critical accounting judgements or estimates.

## SERVE AFGHANISTAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3 Donations and legacies

	Total	Total
	2021	2020
	\$	\$
Donations and gifts	1,403,298	1,095,460
<b>Donations and gifts</b>		
TEAR Australia	538,382	489,410
Kindernothilfe	183,055	202,605
Tearfund UK	367,186	180,620
CAM	99,726	-
Cedar Fund	74,925	39,975
Linda Norgrove Foundation	5,960	5,941
Jae-Chael Kim	51,000	51,000
Other	83,064	125,909
	1,403,298	1,095,460

Other donations are donations from individuals.

#### 4 Charitable activities

	2021	2020
	\$	\$
Sales within charitable activities	9,913	-

#### 5 Investments

	2021	2020
	\$	\$
Interest receivable	142	1,707

All investment income is unrestricted.

# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Other income

	Unrestricted funds general 2021 \$	Restricted funds 2021 \$	Total 2021 \$	Unrestricted funds general 2020 \$	Restricted funds 2020 \$	Total 2020 \$
Other income	-	3,978	3,978	6,615	8,218	14,833

# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Charitable activities

	Disability	Community Development	Total 2021	Disability	Community Development	Total 2020
	\$	\$	\$	\$	\$	\$
Staff costs	215,744	252,840	468,584	218,235	262,325	480,560
Depreciation and impairment	2,445	3,042	5,487	2,338	1,813	4,151
Activities and materials	24,458	173,391	197,849	61,718	226,456	288,174
Staff training	169	169	338	4,022	10,707	14,729
Incentive workers	28,861	11,434	40,295	24,154	9,622	33,776
Travel expenses	19,320	47,391	66,711	10,084	35,001	45,085
Office supplies	3,171	8,217	11,388	4,629	6,256	10,885
Communications	7,126	7,446	14,572	7,710	7,397	15,107
Premises	16,788	18,640	35,428	20,397	22,292	42,689
Bank charges	3,123	5,096	8,219	2,610	3,355	5,965
Legal and professional fees	-	15,599	15,599	-	-	-
	321,205	543,265	864,470	355,897	585,224	941,121
Share of support costs (see note 9)	169,798	-	169,798	183,462	-	183,462
Share of governance costs (see note 9)	9,214	13,826	23,040	12,441	10,035	22,476
	500,217	557,091	1,057,308	551,800	595,259	1,147,059
<b>Analysis by fund</b>						
Unrestricted funds - general	171,417	-	171,417	188,095	-	188,095
Restricted funds	328,800	557,091	885,891	363,705	595,259	958,964
	500,217	557,091	1,057,308	551,800	595,259	1,147,059



## SERVE AFGHANISTAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Description of charitable activities:

##### Disability

To mainstream people with disabilities, Serve, in partnership with others, aims to empower and equip institutions and communities towards the integration of people with disability (mainly blind, deaf, mentally challenged and physically disabled) into mainstream life.

##### Community Development

Activities facilitate processes within local communities leading to their ability to develop and access local, provincial and national resources and to strengthen livelihood opportunities of vulnerable groups in the concentration areas where Serve is active.

#### 9 Support costs

	Support costs \$	Governance costs \$	2021 \$	Support costs \$	Governance costs \$	2020 \$
Staff costs	79,508	-	79,508	102,079	-	102,079
Depreciation	9,158	-	9,158	13,206	-	13,206
Other support costs	81,132	-	81,132	68,177	-	68,177
Audit fees	-	23,040	23,040	-	21,840	21,840
Board expenses and travel	-	-	-	-	636	636
	<u>169,798</u>	<u>23,040</u>	<u>192,838</u>	<u>183,462</u>	<u>22,476</u>	<u>205,938</u>
Analysed between						
Charitable activities	<u>169,798</u>	<u>23,040</u>	<u>192,838</u>	<u>183,462</u>	<u>22,476</u>	<u>205,938</u>

Governance costs includes payments to the auditors of \$23,040 (2020- \$21,840) for audit fees.

#### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and none of them were reimbursed any travelling expenses (2020- 6 were reimbursed \$636 of travelling expenses).

## SERVE AFGHANISTAN

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Employees

##### Number of employees

The average monthly number of employees during the year was:

2021 Number	2020 Number
105	105

##### Employment costs

Wages and salaries

2021 \$	2020 \$
548,092	582,639

No remuneration was paid to any employee in excess of \$81,213.

#### 12 Other

Net loss on disposal of tangible fixed assets

2021 \$	2020 \$
3,356	-
3,356	-

#### 13 Other gains or losses

Foreign exchange (loss)/gain

2021 \$	2020 \$
(63,161)	8,494

# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Tangible fixed assets

	Computer equipment	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$
<b>Cost</b>				
At 1 January 2021	54,825	135,687	141,376	331,888
Additions	700	3,602	-	4,302
Disposals	(7,803)	(15,571)	-	(23,374)
At 31 December 2021	47,722	123,718	141,376	312,816
<b>Depreciation and impairment</b>				
At 1 January 2021	49,423	122,610	133,111	305,144
Depreciation charged in the year	3,505	6,911	4,229	14,645
Eliminated in respect of disposals	(7,582)	(12,316)	-	(19,898)
At 31 December 2021	45,346	117,205	137,340	299,891
<b>Carrying amount</b>				
At 31 December 2021	2,376	6,513	4,036	12,925
At 31 December 2020	5,402	13,077	8,265	26,744

### 15 Debtors

	2021	2020
	\$	\$
<b>Amounts falling due within one year:</b>		
Trade debtors	65,476	-
Other debtors	19,702	97
Prepayments and accrued income	4,501	4,503
	89,679	4,600

### 16 Loans and overdrafts

	2021	2020
	\$	\$
Bank overdrafts	44,723	-
Payable within one year	44,723	-

# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	2021 \$	2020 \$
Bank loans	16	44,723	-
Deferred income		-	52,420
Trade creditors		3,601	210,666
Other creditors		718	4,325
Accruals		22,440	25,408
		<u>71,482</u>	<u>292,819</u>

### 18 Deferred income

	2021 \$	2020 \$
Deferred income is included within:		
Creditors due within one year	-	52,420
	<u>-</u>	<u>52,420</u>
Deferred income at 1 January 2021	52,420	117,813
Released from previous years	(52,420)	(117,813)
Amounts deferred in the year	-	52,420
	<u>-</u>	<u>52,420</u>
<b>Deferred income at 31 December 2021</b>	<b>-</b>	<b>52,420</b>

Deferred income in the year relates to funding from individuals received in advance of 2022 projects.



**SERVE AFGHANISTAN**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2020	Movement in funds				Balance at 1 January 2021	Movement in funds				Balance at 31 December 2021
		Incoming resources	Resources expended	Transfers			Incoming resources	Resources expended	Transfers		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERCDP	50,987	218,902	(186,713)	(30,114)	53,062	200,622	(174,700)	(29,127)	49,857		
ERDP (formerly SHIP)	17,417	127,380	(119,906)	(16,062)	8,829	111,954	(96,276)	(11,511)	12,996		
CRDP (formerly EMAD)	4,440	186,411	(157,967)	(23,784)	9,100	179,176	(149,653)	(22,679)	15,944		
CRCDP	33,437	162,852	(135,799)	(23,019)	37,471	145,746	(128,911)	(22,680)	31,626		
KCDP	21,352	106,612	(97,741)	(14,392)	15,831	93,935	(86,044)	(12,605)	11,117		
KDP	25,561	86,806	(83,872)	(12,935)	15,560	78,161	(81,306)	(12,415)	-		
COVID19 Relief Project	-	197,784	(172,814)	(19,355)	5,615	512,102	(164,394)	(29,104)	324,219		
Restricted Assets	1,561	10,745	(4,152)	-	8,154	1,458	(4,607)	-	5,005		
	154,755	1,097,492	(958,964)	(139,661)	153,622	1,323,154	(885,891)	(140,121)	450,764		

**SERVE AFGHANISTAN**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19 Restricted funds**

**(Continued)**

**Analysis of restricted assets**

	Balance at 1 January 2020	Incoming resources	Resources expended	Transfers	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Balance at 31 December 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERCDP	1,008	250	(565)	-	693	1,113	(752)	-	1,054
ERDP	-	2,823	(647)	-	2,176	-	(685)	-	1,491
CRCDP	-	1,780	(756)	-	1,024	345	(1,359)	-	10
KCDP	500	111	(492)	-	119	-	(119)	-	-
KDP	53	5,781	(1,692)	-	4,142	-	(1,692)	-	2,450
	<u>1,561</u>	<u>10,745</u>	<u>(4,152)</u>	<u>-</u>	<u>8,154</u>	<u>1,458</u>	<u>(4,607)</u>	<u>-</u>	<u>5,005</u>

# **SERVE AFGHANISTAN**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **19 Restricted funds**

**(Continued)**

**Eastern Region Community Development Project (ERCDP)** - to empower vulnerable families in the target communities in the Eastern Region and to improve their livelihood through improved adult literacy and development of animal husbandry.

**Serve's Eastern Region Disability Project (ERDP) (formerly Serve's Hearing Impaired Project (SHIP))** - to empower Afghan communities towards the integration of people with disabilities in all aspects of life.

**Serve's Central Region Disability Project (CRDP) (formerly Enabling and Mobilising Afghans with Disabilities Project (EMAD))** - to empower Afghan communities towards the integration of people with disabilities in all aspects of life.

**Central Region Community Development Project (CRCDP)** - to bring sustainable livelihood improvement for vulnerable people of Guldara district of Afghanistan.

**Kandahar Community Development Project (KCDP)** - to bring sustainable livelihood improvement for vulnerable people of Kandahar in Afghanistan.

**Kandahar Disability Programme (KDP)** - This programme works to provide inclusive education for blind and deaf children in government schools. The programme aims to support children suffering these disabilities throughout their school lives and ensure they do not have any barriers or discrimination to their education.

**Assets Fund** - represents the net book value of the assets acquired by the restricted funds used for restricted purposes.

#### **Transfers**

\$108,486 (2020: \$106,769) transfer from restricted funds relates to the allocation of overhead costs in the year.

\$31,635 (2020: \$32,892) transferred from restricted funds relates to the allocation of security costs in the year.



# SERVE AFGHANISTAN

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds		Movement in funds		Balance at 1 January 2021	Movement in funds		Balance at 31 December 2021
	Incoming resources	Resources expended	Incoming resources	Resources expended		Incoming resources	Resources expended	
\$	\$	\$	\$	\$	\$	\$	\$	\$
Large Equipment Replacement	106,027	-	-	-	106,027	-	-	106,027
	106,027	-	-	-	106,027	-	-	106,027

**Designated Assets Fund** - represents the net book value of some of the charity's assets not funded by restricted income that have been classed as designated by the Trustees.

**Large Equipment Replacement Fund** - This fund represents money set aside by the Directors for future acquisition of vehicles and other large equipment for the general purposes of the charity.

**SERVE AFGHANISTAN**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21 Analysis of net assets between funds**

Fund balances at 31 December 2021 are represented by:

	Unrestricted funds 2021	Designated funds	Restricted funds	Total	Unrestricted funds 2020	Designated funds	Restricted funds	Total
	\$	2021	2021	\$	2020	2020	2020	\$
Tangible assets	7,920	-	5,005	12,925	18,590	-	8,154	26,744
Current assets/(liabilities)	239,662	106,027	445,759	791,448	232,628	106,027	145,468	484,123
	247,582	106,027	450,764	804,373	251,218	106,027	153,622	510,867

**SERVE AFGHANISTAN****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****22 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel, is as follows.

	2021 \$	2020 \$
Aggregate compensation	33,504	38,516

There were no further related party transactions in the year (2020: none).

**23 Analysis of changes in net funds**

	At 1 January 2021 \$	Cash flows \$	At 31 December 2021 \$
Cash at bank and in hand	772,342	909	773,251
Loans falling due within one year	-	(44,723)	(44,723)
	772,342	(43,814)	728,528

**24 Cash generated from operations**

	2021 \$	2020 \$
Surplus/(deficit) for the year	356,667	(35,059)
Adjustments for:		
Investment income recognised in statement of financial activities	(142)	(1,707)
Loss on disposal of tangible fixed assets	3,356	-
Depreciation and impairment of tangible fixed assets	14,645	17,357
Movements in working capital:		
(Increase)/decrease in debtors	(85,079)	3,282
(Decrease)/increase in creditors	(213,640)	41,976
(Decrease) in deferred income	(52,420)	(65,393)
<b>Cash generated from/(absorbed by) operations</b>	<b>23,387</b>	<b>(39,544)</b>