

CHARITY REGISTRATION NUMBER 1105086

COMPANY REGISTRATION NUMBER 04759091

SERVE AFGHANISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PAGES FOR FILING WITH REGISTRAR

SERVE AFGHANISTAN

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr P J Fitzgerald Mr M Larson Mr P J Vander Meulen Ms J M Collins Dr. S Varughese Mr M V R Wade	(Appointed 26 November 2022)
Secretary	Mr M Larson	
Executive Director	Mr K Dhanabalan	
Charity number	1105086	
Company number	04759091	
Principal address	PO Box 4015 Karte Char Kabul Afghanistan	
Registered office	c/o UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield South Yorkshire S8 0XF	
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF	

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LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)

Bankers

HSBC
2 Queens Road
Aberdeen
AB15 4ZT

Azizi Bank
Zanbaq Square
Kabul City
Afghanistan

SERVE AFGHANISTAN

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SERVE AFGHANISTAN

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees present their annual report and financial statements for the year ended 31 December 2022.

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.

Achievements and performance

During the year, the charitable company carried out various activities in Afghanistan, in pursuit of the aims stated above.

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

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Humanitarian Response Programme (HRP)

Due to sanctions and the situation in the Afghanistan the donors were not able to fund the on-going projects in its community development format. As a result, the strategy of the project was amended to focus on humanitarian response. Under these project activities we submitted a proposal for Income Generation Programmes (IGP) and Health Programmes. These programmes were implemented through 7 projects across three regions, Central Region (Kabul and Parwan), Eastern Region (Laghman and Nangarhar) and Kandahar Region.

Across the three regions, a total of 1,721 people were assisted to start Income Generation Activities such as carpentry, masonry, welding, animal husbandry, poultry, mini car mechanic workshop, electrical workshop, tailoring, painting, sewing, quilt making, car wash, fruit selling, running a petty shop, working as a cobbler knitting, water handpump repairing and stonework.

A. Achievement of Central Region Humanitarian Response

- 101 people are engaged in IGP activities.
- 100 people were supported for IGP and 95% of them are getting income through these activities.

B. Achievement of Eastern Region Humanitarian response-

- In the Eastern region, 200 (100 male and 100 female) people were selected. 100 in Nangarhar and 100 in Laghman. All these 200 people are engaged in some forms of IGP and they are receiving income from these activities. The activities include pickle processing, beads work, handicraft work, tailoring, poultry, mobile repairing, bicycle repairing, painting, solar repairs, carpentry, popcorn vending etc. Through the IGP activities they receive an income of 40 to 50 USD daily.
- 970 people are engaged in animal husbandry.

C. Achievement of Kandahar Region-

- In Kandahar 150 people have been supported with IGP (Goat rearing, Poultry, embroidery work, retail store) with the support of Tearfund Australia.

D. Serve Education Programme in Crisis was also implemented Under the HRP, wherein the Minority (Pashai) children were provided preschool class and after school programme. Under this project, School-aged Pashai boys and girls affected by shocks or crises have access to quality, basic education in a safe learning environment in their own mother tongue to be equipped to do well in their studies during the crisis situation. 640 children including 320 Boys and 320 girls were covered under this project with 440 in the preschool and 200 in the after-school programmes.

2. Mainstreaming people with disabilities

This project is 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 works with visually impaired, hearing impaired and low vision children. The particular focus is to provide an inclusive education for children with disabilities. For sustainability, Serve works with model schools where the school and community take responsibility for the inclusion of disabled children in the education system and the project phases out after 3 years. In 2022, 911 children with disabilities such as visually impaired, hearing impaired and low vision were supported to continue their education in Early Intervention Programme, Preschool Programme, Inclusive Education Programme in government schools and University. Three Projects were implemented in the Eastern region, Central region and Kandahar.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

In relation to **mainstreaming people with disabilities**:

A. 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 2022 included:

- 34 HI (3 female, 31 male) students are in segregated classes. The hearing impaired are taught in separate classes in school.
- 95 HI (62 male, 33 female) attended preparation classes for entry to inclusive classes.
- 19 HI (14 male, 5 female) students are in inclusive classes in the Government schools.
- 32 VI (22 male, 10 female) students attended schools in inclusive classes.
- 43 VI (21 male, 22 female) students attended PSP.
- 30 (17 male, 13 female) attending Home Based education programmes.
- 50 physically impaired (35 male, 15 female) students attended inclusive education programmes in Government schools.
- The project continued supporting 148 III students to continue their education.
- 16 incentive teachers were hired to support kindergarden, Grade 1 and 2. Four interpreters were hired for 4 inclusive classes in the government schools this year.
- The project distributed all class materials and stationary to 148 III and 105 VI students. These included braille papers, sport materials for VI, whiteboard, trunk, water coolers, notebooks, pens, pencils, colour pencils, markers, erasers, slate, stylus, stylus frame, braille board and braille sixer.
- 20 incentive teachers received refresher training.
- 9 teachers were trained on Afghan Sign Language (AFSL) grammar and 11 teachers were trained in braille and orientation mobility.
- 20 incentive teachers received refresher training.
- 4 Inclusive Education Action Committee (IEAC) members' trainings were done.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

B. 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 2022 included:

- 433 children with disabilities (CwDs) were supported by the project this year. 7 CwDs in preschool, 33 VI in university, 91 VI in Ministry of Education Schools (grade 1 to 12), 86 Low Vision school, 143 HI, 48 physically impaired (PI) and 25 intellectually disabled (ID).
- 68 Ministry of Education schools are conducting inclusive education classes. VI and HI students are attending these classes. There is no discrimination between disabled and non-disabled students.
- 433 CwDs passed in their final exams and were promoted to higher classes. 73 females from grade 7 to 12 who didn't attend classes were allowed to sit for exams and were promoted to higher class.
- 134 teachers were trained, 84 in inclusive education and 54 in braille.
- 20,000 students attended the awareness programmes in morning assembly and were made aware of the rights and plights of the CwDs.
- 18 key meetings were conducted with school authorities and education department.
- IEAC has been formed and functioning in 4 model school. 48 IEAC members are actively involved in creating awareness and advocating for the rights CwDs.
- Five days AFSL training was completed for 16 interpreters and 3 days inclusive education training was completed for 20 schoolteachers.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

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

Achievements in 2022 included:

- 30 HI students under home-based classes and preschool programmes are continuing their lessons.
- 28 VI students attend the preschool programmes and the classes are on-going.
- 6 VI students attended inclusive education in regular classes at government schools.
- Two types of classes are conducted. One group is a special HI class taught by the incentive teacher for 2 ½ hours. Another one is an inclusive education class taught by the AFSL interpreters. This group is taught in the class and follows the school routine.
- Braille books and other educational materials such as desks, talking watches, and Mp3s were provided to needy students.
- Braille papers were provided at different time to the students during the last 6 months.
- Purchased stationary like school bags, schoolbooks, notebooks, and other educational materials and provided to 138 HI and 37 VI Students at different times according to their needs.
- Conducted 8 IEAC meetings in two Model schools.
- Conducted 8 parent meetings in 8 schools.
- Conducted 6 disability, inclusive education and 7 awareness programmes in 10 Government schools in different months.
- Conducted 3 days of AFSL interpreter training for 5 interpreter teachers in August 2022.
- Conducted 5 days of AFSL, braille, and inclusive education training for 40 teachers in two model schools in August months 2022.
- Two Low Vision students were referred to the eye hospital for treatment.
- Staff attended four advocacy meetings with district officials and the Ministry of Education department.
- Staff conducted monthly meetings to review the project progress and plan every month.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Emergency Relief Programme-

During 2022, the charity undertook **emergency relief programmes** in different locations of the country in response to the effects of the conflict and crisis situation in Afghanistan. A total of 10 relief operations were carried out and 10,475 families were reached.

The emergency relief programmes included:

- 1. HEF Project – (TU0K)** - Total of 2500 families benefitted from the project. 1,000 internally displaced people (IDP) families in Jalalabad City and Surkhrod district in Nangarhar Province on 1st, 3rd, 5th and 6th January 2022, 625 IDP families in Mehtarlam City and Alingar district in Laghman Province on 17th and 19th February 2022, 375 IDP families in Kandahar and Arghandab district in Kandahar Province on 7th March 2022 and 500 families in Shakar Dara District in Kabul Province on 26th March 2022 received relief materials.

Families were provided with a relief package typically consisting of:

- a. Food package – 25 kg of rice, 50kg of wheat, 5 litres of cooking oil, 7kg of red beans and 2kg of salt.
 - b. WASH kit – 4 pieces of hand washing soap, 5 pieces of laundry soap, 2 tubes of toothpaste, 8 toothbrushes and 8 washable face masks.
 - c. Two blankets were distributed to each beneficiary household.
- 2. Kabul IDP Relief (SRG)** – Total of 400 families benefitted. The distribution was done on 6th April 2022 at Mir Bacha Koot district in Kabul province.
 - 3. Parwan IDP Relief (SRG)** – The distribution was done on 18 & 19 December, 2022 at Charikar city of Parwan Province for 400 families.
 - 4. Kabul IDP Relief (Tear fund AUS)** – Total of 1800 families benefitted. Distribution was done for 500 households in Khak-i-Jabar of Kabul Province on 6th April 2022. 500 households in Sarobi district of Kabul Province on 26th April 2022. 400 households in PD 6, Kabul city on 21st June 2022. 400 households in PD 7, Kabul city on 23rd June 2022.
 - 5. Kandahar IDP (FiF)** – 460 families benefitted in three locations of Kandahar Province. Kandahar city- 141 families distributed on 11th January 2022, Dand district-100 families distributed on 7th February 2022 and Arghandab district- 219 families distributed on 1st March 2022. The staff were able to carry out the relief smoothly with women staff involved in assisting the female beneficiaries.
 - 6. Kandahar (CAM)** - In Kandahar Province, Serve was able to provide relief package to 800 families on 4th and 10th of January, 7th of February, 1st of March and on 20th August to 200 families. The items provided were based on Sphere standards which will assist them to have food security at least for one month.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

7. CEDAR Relief including individuals- In Jalalabad city of Nangarhar Province, Serve was able to provide relief package to 500 families on 1st, 3rd, 5th and 6th of January 2022.

8. Kunar and Parwan Relief (KNH) - 1300 families benefitted. Food and hygiene kits were distributed to 1000 families on 7th and 9th November 2022 in Kunar Province and in Parwan Province distribution was done for 300 families on 19th December 2022.

9. Paktika Relief (TUK) - 500 families affected by the earthquake from Paktika Province were provided 14,000 Afghani each as a multi-purpose cash assistance (MPCA) on 6th July 2022. These beneficiaries' houses were fully or partially damaged by the earthquake.

10. Relief for poor Kabul (TUK) - 1000 poor and vulnerable families from Kabul received Relief support. The distribution date was 23rd November, 23rd December and 31st December 2022.

11. Relief for poor Laghman and Parwan (Individual donor) - 640 poor and vulnerable families from Laghman and Parwan received relief support. The distribution dates were for 375 families at Laghman on February 17th and 19th February 2022 and 240 families at Laghman on 18th of October 2022.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial review

The financial statements for the year are set out in pages 16 to 42. The Statement of Financial Activities on pages 16 and 17 reflects net incoming resources of \$47,084 (2021: net incoming resources of \$293,506).

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 charity's policy to maintain unrestricted funds (excluding asset funds), which have arisen from past operating results, of 6 months of unrestricted operating expenditure plus a fixed amount necessary to close the organisation in the event of an emergency.

At 31 December 2022 unrestricted funds amounted to \$490,500 (2021: \$353,609), (of which designated funds amounted to \$106,027 (2021: \$106,027)) and restricted funds were \$360,957 (2021: \$450,764), totalling \$851,457 (2021: \$804,373). 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.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

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, including responding to emergency needs. The ongoing climate of insecurity and unpredictability has of course, always to be taken into account.

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

Mr P J Vander Meulen

Ms J M Collins

Dr. S Varughese

Mr M V R Wade

(Appointed 26 November 2022)

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

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
Saber Alimi: Director (Projects)
Mujtaba Khan: Director (Operations)
Sajim Pardes: Senior Manager (Technical advisor for Disability)
Masood Mahsoon: Senior Manager (Projects)
Abdul Hasib Abid: Manager (HR)
Bakht Mohammad Momand: Manager (Finance)

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: 27 September 2023

SERVE AFGHANISTAN

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 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 charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, 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.

Michael Mealing (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

27 September 2023

Chartered Accountants
Statutory Auditor

SERVE AFGHANISTAN

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Unrestricted funds	Unrestricted funds	Restricted funds	Total 2022	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total 2021
Notes	\$	\$	\$	\$	\$	\$	\$	\$
Income and endowments from:								
Donations and legacies	3	74,852	-	2,357,291	2,432,143	94,035	-	1,309,263
Charitable activities	4	-	-	2,110	-	-	-	9,913
Investments	5	4,033	-	-	4,033	142	-	142
Other income	6	1,571	-	-	1,571	-	-	3,978
Total income		80,456	-	2,359,401	2,439,857	94,177	-	1,323,154
Expenditure on:								
Charitable activities	7	199,393	-	2,133,755	2,333,148	171,417	-	1,057,308
Other	13	-	-	-	-	3,356	-	3,356
Total resources expended		199,393	-	2,133,755	2,333,148	174,773	-	1,060,664
Net (outgoing)/incoming resources before transfers		(118,937)	-	225,646	106,709	(80,596)	-	437,263
								356,667

SERVE AFGHANISTAN

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

Net (outgoing)/incoming resources before transfers	(118,937)	-	225,646	106,709	(80,596)	-	437,263	356,667
Gross transfers between funds	258,940	-	(258,940)	-	140,121	-	(140,121)	-
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources	140,003	-	(33,294)	106,709	59,525	-	297,142	356,667
Other recognised gains and losses								
Other gains or losses	15	(3,112)	-	(56,513)	(59,625)	(63,161)	-	(63,161)
Net movement in funds		136,891	-	(89,807)	47,084	(3,636)	297,142	293,506
Fund balances at 1 January 2022		247,582	106,027	450,764	804,373	251,218	106,027	510,867
Fund balances at 31 December 2022		384,473	106,027	360,957	851,457	247,582	106,027	804,373

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 2022

		2022		2021	
	Notes	\$	\$	\$	\$
Fixed assets					
Tangible assets	16		8,786		12,925
Current assets					
Debtors	17	24,234		89,679	
Cash at bank and in hand		996,756		773,251	
		<u>1,020,990</u>		<u>862,930</u>	
Creditors: amounts falling due within one year	19	(178,319)		(71,482)	
Net current assets			842,671		791,448
Total assets less current liabilities			<u>851,457</u>		<u>804,373</u>
Income funds					
Restricted funds	21		360,957		450,764
<u>Unrestricted funds:</u>					
Designated funds	22	106,027		106,027	
General funds		384,473		247,582	
		<u>490,500</u>		<u>353,609</u>	
			<u>851,457</u>		<u>804,373</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2023 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 2022

	Notes	2022	2021
		\$	\$
Cash flows from operating activities			
Cash generated from operations	26	327,886	23,387
Investing activities			
Purchase of tangible fixed assets		(5,532)	(4,302)
Proceeds on disposal of tangible fixed assets		1,466	120
Investment income		4,033	142
Net cash used in investing activities		(33)	(4,040)
Financing activities			
Proceeds from borrowings		-	44,723
Repayment of borrowings		(44,723)	-
Net cash (used in)/generated from financing activities		(44,723)	44,723
Net increase in cash and cash equivalents		283,130	64,070
Cash and cash equivalents at beginning of year		773,251	772,342
Effect of foreign exchange rates		(59,625)	(63,161)
Cash and cash equivalents at end of year		996,756	773,251

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, there were 6 members (2021: 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 of Public Health until 30 June 2026. The trustees also continue to have support from their funding partners, with funds of \$1.3million already being pledged for 2023 and \$2.5million for the years 2024 and 2025. The trustees 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.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 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 2022

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 2022

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 2022

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 2022

3 Donations and legacies

	Total	Total
	2022	2021
	\$	\$
Donations and gifts	2,432,143	1,403,298
Donations and gifts		
TEAR Australia	860,619	538,382
Kindernothilfe	313,812	183,055
Tearfund UK	642,875	367,186
CAM	139,116	99,726
Cedar Fund	143,298	74,925
Linda Norgrove Foundation	7,880	5,960
Jae-Chael Kim	-	51,000
FiF	48,510	-
CBM	9,200	-
Trust Bridge Global Foundation	80,000	-
SRG	125,003	-
Other	61,830	83,064
	2,432,143	1,403,298

Other donations are donations from individuals.

4 Charitable activities

	2022	2021
	\$	\$
Sales within charitable activities	2,110	9,913

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

5 Investments

	2022	2021
	\$	\$
Interest receivable	4,033	142
	<u> </u>	<u> </u>

All investment income is unrestricted.

6 Other income

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds		funds	funds	
	general			general		
	2022	2022	2022	2021	2021	2021
	\$	\$	\$	\$	\$	\$
Other income	1,571	-	1,571	-	3,978	3,978
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Charitable activities

	Disability	Community Development	Relief Programs	Total 2022	Disability	Community Development	Total 2021
	\$	\$	\$	\$	\$	\$	\$
Staff costs	149,190	230,499	65,733	445,422	215,744	252,840	468,584
Depreciation and impairment	3,941	1,064	-	5,005	2,445	3,042	5,487
Activities and materials	20,859	23,018	19,576	63,453	24,458	173,391	197,849
Staff training	901	91	-	992	169	169	338
Incentive workers	35,743	13,510	-	49,253	28,861	11,434	40,295
Travel expenses	6,541	10,287	24,989	41,817	19,320	47,391	66,711
Office supplies	1,412	3,036	2,946	7,394	3,171	8,217	11,388
Communications	4,673	7,838	1,826	14,337	7,126	7,446	14,572
Premises	6,698	23,914	4,869	35,481	16,788	18,640	35,428
Bank charges	34,104	75,881	107,486	217,471	3,123	5,096	8,219
Legal and professional fees	7,013	30,600	7,762	45,375	-	15,399	15,399
Disaster relief	-	-	951,144	951,144	-	-	-
	271,075	419,738	1,186,331	1,877,144	321,205	543,265	864,470
Grant funding of activities (see note 9)	45,395	78,845	137,971	262,211	-	-	-
Share of support costs (see note 10)	164,873	-	-	164,873	169,798	-	169,798
Share of governance costs (see note 10)	28,920	-	-	28,920	9,214	13,826	23,040
	510,263	498,583	1,324,302	2,333,148	500,217	557,091	1,057,308

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7	Charitable activities					(Continued)
	Analysis by fund					
	Unrestricted funds - general					
	Restricted funds					
	193,793	5,600	-	199,393	171,417	-
	316,470	492,983	1,324,302	2,133,755	328,800	557,091
	510,263	498,583	1,324,302	2,333,148	500,217	557,091
						1,057,308

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Relief Programmes

During 2022, the charity undertook emergency relief programmes in different locations of the country in response to the effects of the conflict and crisis situation in Afghanistan. A total of 10 relief operations were carried out, which included giving help to displaced people.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Grants payable

	Disability 2022	Community Development 2022	Relief Programmes 2022	Total 2022	Disability 2021	Community Development 2021	Relief Programmes 2021	Total 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Grants to individuals	45,395	78,845	137,971	262,211	-	-	-	-
	<u>45,395</u>	<u>78,845</u>	<u>137,971</u>	<u>262,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====	=====	=====

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

10 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	\$	\$	\$	\$	\$	\$
Staff costs	85,316	-	85,316	79,508	-	79,508
Depreciation	3,813	-	3,813	9,158	-	9,158
Other support costs	75,744	-	75,744	81,132	-	81,132
Audit fees	-	28,920	28,920	-	23,040	23,040
	<u>164,873</u>	<u>28,920</u>	<u>193,793</u>	<u>169,798</u>	<u>23,040</u>	<u>192,838</u>
Analysed between						
Charitable activities	<u>164,873</u>	<u>28,920</u>	<u>193,793</u>	<u>169,798</u>	<u>23,040</u>	<u>192,838</u>

Governance costs includes payments to the auditors of \$28,920 (2021- \$23,040) for audit fees.

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 4 of them were reimbursed \$3,998 for travelling expenses (2021- none).

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	95	105
	<u>95</u>	<u>105</u>

Employment costs

	2022 \$	2021 \$
Wages and salaries	530,738	548,092
	<u>530,738</u>	<u>548,092</u>

No remuneration was paid to any employee in excess of \$72,613.

SERVE AFGHANISTAN**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****13 Other**

	2022	2021
	\$	\$
Net loss on disposal of tangible fixed assets	-	3,356
	<u>-</u>	<u>3,356</u>
	<u>-</u>	<u>3,356</u>

14 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

15 Other gains or losses

	Unrestricted funds general	Restricted funds	Total 2022	Total 2021
	\$	\$	\$	\$
Foreign exchange (loss)/gain	(3,112)	(56,513)	(59,625)	(63,161)
	<u>(3,112)</u>	<u>(56,513)</u>	<u>(59,625)</u>	<u>(63,161)</u>

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16 Tangible fixed assets

	Computer equipment	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost				
At 1 January 2022	47,722	123,718	141,376	312,816
Additions	2,027	3,505	-	5,532
Disposals	(3,167)	(8,383)	(17,238)	(28,788)
At 31 December 2022	46,582	118,840	124,138	289,560
Depreciation and impairment				
At 1 January 2022	45,346	117,205	137,340	299,891
Depreciation charged in the year	2,485	2,297	4,036	8,818
Eliminated in respect of disposals	(3,160)	(7,537)	(17,238)	(27,935)
At 31 December 2022	44,671	111,965	124,138	280,774
Carrying amount				
At 31 December 2022	1,911	6,875	-	8,786
At 31 December 2021	2,376	6,513	4,036	12,925

17 Debtors

	2022	2021
	\$	\$
Amounts falling due within one year:		
Trade debtors	7,113	65,476
Other debtors	13,932	19,702
Prepayments and accrued income	3,189	4,501
	24,234	89,679

18 Loans and overdrafts

	2022	2021
	\$	\$
Bank overdrafts	-	44,723
Payable within one year	-	44,723

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

19 Creditors: amounts falling due within one year

	Notes	2022 \$	2021 \$
Bank loans	18	-	44,723
Deferred income		62,414	-
Trade creditors		17,660	3,601
Other creditors		72,565	718
Accruals		25,680	22,440
		<u>178,319</u>	<u>71,482</u>

20 Deferred income

	2022 \$	2021 \$
Deferred income is included within:		
Creditors due within one year	<u>62,414</u>	<u>-</u>
Deferred income at 1 January 2022	-	52,420
Released from previous years	-	(52,420)
Amounts deferred in the year	<u>62,414</u>	<u>-</u>
Deferred income at 31 December 2022	<u>62,414</u>	<u>-</u>

Deferred income in the year relates to funding from individuals received in advance of 2023 projects.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 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:

	Movement in funds				Movement in funds				Revelations, gains and losses	Balance at 31 December 2022
	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERCDP	53,062	200,622	(174,700)	(29,127)	49,857	46,391	(27,715)	(56,276)	(816)	11,441
ERDP (formerly SHIP)	8,829	111,954	(96,276)	(11,511)	12,996	126,611	(95,871)	(17,406)	(2,708)	23,622
CRDP (formerly EMAD)	9,100	179,176	(149,653)	(22,679)	15,944	231,075	(200,788)	(19,989)	(5,446)	20,796
CRHR (formerly CRCDP)	37,471	145,746	(128,911)	(22,680)	31,626	147,756	(123,195)	(19,601)	(3,414)	33,172
KRHR KDH(formerly KCDP)										
	15,831	93,935	(86,044)	(12,605)	11,117	161,549	(124,493)	(22,434)	(3,513)	22,226
KDP	15,560	78,161	(81,306)	(12,415)	-	24,214	(15,869)	(3,934)	(473)	3,938
COVID19 Relief Project	5,615	512,102	(164,394)	(29,104)	324,219	-	-	(324,219)	-	-
Restricted Assets	8,154	1,458	(4,607)	-	5,005	-	(5,005)	-	-	-
MCH	-	-	-	-	-	80,000	-	-	-	80,000
TRHR - N	-	-	-	-	-	333,490	(216,516)	(967)	(6,391)	109,616
ERHR - L	-	-	-	-	-	45,131	-	-	-	45,131
Cedar Relief	-	-	-	-	-	80,300	(73,308)	(5,086)	(1,906)	-
ICP 300 CAM 2022	-	-	-	-	-	79,612	(68,711)	(9,042)	(1,859)	-
Kumar and Parwan Relief	-	-	-	-	-	132,654	(126,370)	(3,167)	(3,117)	-
Teatund UK Relief	-	-	-	-	-	192,753	(329,756)	145,438	(8,435)	-
SRG KBL Relief	-	-	-	-	-	75,000	(64,787)	(4,302)	(1,652)	4,259
Teatund Australia Relief	-	-	-	-	-	265,568	(251,417)	(7,751)	(6,400)	-

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Restricted funds

(Continued)

Tearfund UK KBL Poor Relief	-	-	-	-	142,223	(130,231)	(8,671)	(3,321)	-
CAM KDH Relief	-	-	-	-	554	(92,563)	94,389	(2,380)	-
Fif KDH Relief	-	-	-	-	48,891	(52,183)	4,540	(1,248)	-
Tearfund UK Relief Pakitika	-	-	-	-	95,626	(95,095)	1,893	(2,424)	-
SRG Parwan Relief	-	-	-	-	50,003	(39,882)	(2,355)	(1,010)	6,756
	153,622	1,323,154	(885,891)	(140,121)	450,764	2,359,401	(2,133,755)	(258,940)	(56,513)
									360,957

Analysis of restricted assets

	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 31 December 2022
ERC DP	\$ 693	\$ 1,113	\$ (752)	\$ -	\$ 1,054	\$ -	\$ (1,054)	\$ -	\$ -	\$ -
ERDP	2,176	-	(685)	-	1,491	-	(1,491)	-	-	-
CRCDP	1,024	345	(1,359)	-	10	-	(10)	-	-	-
KCDP	119	-	(119)	-	-	-	-	-	-	-
KDP	4,142	-	(1,692)	-	2,450	-	(2,450)	-	-	-
	8,154	1,458	(4,607)	-	5,005	-	(5,005)	-	-	-

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 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 (EURDP) (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.

HEF Project – (TU0K) - Total of 2500 families benefitted from the project. 1,000 internally displace people (IDP) families in Jalalabad City and Surkhrod district in Nangarhar Province on 1st, 3rd, 5th and 6th January 2022, 625 IDP families in Mehtarlam City and Alingar district in Laghman Province on 17th and 19th February 2022, 375 IDP families in Kandahar and Arghandab district in Kandahar Province on 7th March 2022 and 500 families in Shakar Dara District in Kabul Province on 26th March 2022 received relief materials.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Restricted funds

(Continued)

Kabul IDP Relief (SRG) - Total of 400 families benefited. The distribution was done on 6th April 2022 at Mir Bacha Koot district in Kabul province.
Parwan IDP Relief (SRG) - The distribution was done on 18 & 19 December, 2022 at Charikar city of Parwan Province for 400 families.

Kabul IDP Relief (Tear fund AUS) - Total of 1800 families benefited. Distribution was done for 500 households in Khak-i-Jabar of Kabul Province on 6th April 2022. 500 households in Sarobi district of Kabul Province on 26th April 2022. 400 households in PD 6, Kabul city on 21st June 2022. 400 households in PD 7, Kabul city on 23rd June 2022.

Kandahar IDP (FIF) - 460 families benefited in three locations of Kandahar Province: Kandahar city- 141 families distributed on 11th January 2022. Dand district-100 families distributed on 7th February 2022 and Anglandab district- 219 families distributed on 1st March 2022. The staff were able to carry out the relief smoothly with women staff involved in assisting the female beneficiaries.

Kandahar (CAM) - In Kandahar Province, Serve was able to provide relief package to 800 families on 4th and 10th of January, 7th of February, 1st of March and on 20th August to 200 families. The items provided were based on Sphere standards which will assist them to have food security at least for one month.

CEDAR Relief including individuals- In Jalalabad city of Nangarhar Province, Serve was able to provide relief package to 500 families on 1st, 3rd, 5th and 6th of January 2022.

Kunar and Parwan Relief (KNH) - 1300 families benefited. Food and hygiene kits were distributed to 1000 families on 7th and 9th November 2022 in Kunar Province and in Parwan Province distribution was done for 300 families on 19th December 2022.

Paktika Relief (TUK) - 500 families affected by the earthquake from Paktika Province were provided 14,000 Afghani each as a multi-purpose cash assistance (MPCA) on 6th July 2022. These beneficiaries' houses were fully or partially damaged by the earthquake.

Relief for poor Kabul (TUK) - 1000 poor and vulnerable families from Kabul received Relief support. The distribution date was 23rd November, 23rd December and 31st December 2022.

Relief for poor Laghman and Parwan (Individual donor) - 640 poor and vulnerable families from Laghman and Parwan received relief support. The distribution dates were for 375 families at Laghman on February 17th and 19th February 2022 and 240 families at Laghman on 18th of October 2022.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 Restricted funds

(Continued)

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

Transfers

\$191,837 (2021: \$108,486) transfer from restricted funds relates to the allocation of overhead costs in the year.

\$40,480 (2021: \$31,635) transferred from restricted funds relates to the allocation of security costs in the year.

\$26,623 (2021: \$nil) transferred from restricted funds relates to the reallocation of funds to other projects.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 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:

	Balance at 1 January 2021	Movement in funds Incoming resources	Resources expended	Balance at 1 January 2022	Movement in funds Incoming resources	Resources expended	Balance at 31 December 2022
	\$	\$	\$	\$	\$	\$	\$
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 2022

23 Analysis of net assets between funds

	Unrestricted funds 2022	Designated funds 2022	Restricted funds 2022	Total 2022	Unrestricted funds 2021	Designated funds 2021	Restricted funds 2021	Total 2021
Fund balances at 31 December 2022 are represented by:	\$	\$	\$	\$	\$	\$	\$	\$
Tangible assets	8,786	-	-	8,786	7,920	-	5,005	12,925
Current assets/(liabilities)	375,687	106,027	360,957	842,671	239,662	106,027	445,759	791,448
	384,473	106,027	360,957	851,457	247,582	106,027	450,764	804,373

SERVE AFGHANISTAN**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****24 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel, is as follows.

	2022	2021
	\$	\$
Aggregate compensation	46,583	33,504
	<u> </u>	<u> </u>

There were no further related party transactions in the year (2021: none).

25 Analysis of changes in net funds

	At 1 January 2022	Cash flows	At 31 December 2022
	\$	\$	\$
Cash at bank and in hand	773,251	223,505	996,756
Loans falling due within one year	(44,723)	44,723	-
	<u> </u>	<u> </u>	<u> </u>
	728,528	268,228	996,756
	<u> </u>	<u> </u>	<u> </u>

26 Cash generated from operations

	2022	2021
	\$	\$
Surplus for the year	106,709	356,667
Adjustments for:		
Investment income recognised in statement of financial activities	(4,033)	(142)
(Gain)/loss on disposal of tangible fixed assets	(613)	3,356
Depreciation and impairment of tangible fixed assets	8,818	14,645
Movements in working capital:		
Decrease/(increase) in debtors	65,445	(85,079)
Increase/(decrease) in creditors	89,146	(213,640)
Increase/(decrease) in deferred income	62,414	(52,420)
	<u> </u>	<u> </u>
Cash generated from operations	327,886	23,387
	<u> </u>	<u> </u>

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