

CHARITY REGISTRATION NUMBER 1105086

COMPANY REGISTRATION NUMBER 04759091

SERVE AFGHANISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Ms J H Powell Thomas	(Appointed 26 October 2023)
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	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

Ghazanfar Bank
Wazir Akbar Khan Road
Sherpur
10th District, 240000
Kabul

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SERVE AFGHANISTAN

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees present their annual report and financial statements for the year ended 31 December 2023.

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)".

Legal and Charitable Status

Serve Afghanistan ("the charity") is a company limited by guarantee (No. 4759091) and a registered English charity (No. 1105086), governed by its Memorandum and Articles of Association.

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 five types:

HUMANITARIAN RESPONSE PROGRAMME (HRP)

Under these project activities we submitted a proposal for Income Generation Programmes and Health Programmes. These programmes were implemented through 7 projects across three regions, Central Region (Kabul), Eastern Region (Laghman and Nangahar) and Kandahar Region.

Across the three regions, a total of 2,101 people were assisted to start income generation programmes (IGP) 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, cobbler, knitting, water hand pump repairing and stonework.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

1. Achievement of Central Region Humanitarian Response

- 621 people were supported for income generation programmes (358 men, 57 disabled men, 155 women 155, 26 disabled women, 4 boys and 21 girls). This project has been implemented with the support from Tearfund Australia and GC Relief. People are getting approx.150-300 AFN per day as a regular income through the IGP.

2. Achievement of Eastern Region Humanitarian response

a) Nangarhar

- In the Nangarhar Province, 465 people were supported for IGP. (294 men (16 disabled) 171 women (3 disabled). This project has been implemented with the support from Tear Australia, Tearfund UK and CAM.

b) Laghman

- In the Laghman Province, 333 people were supported for IGP (190 men, 8 disabled men, 130 women and 5 disabled women. This project was implemented with the support of Tearfund Australia and CAM.

3. Achievement of Kandahar Region Humanitarian response

- In Kandahar Province, 638 beneficiaries were supported. (67 child headed household 67 (63 male and 4 female), 289 people with disability 289 (273 male and 16 female), 57 internally displaced people (41 male and 16 female), 25 women headed household (12 male and 13 female and 200 drug rehabilitated people (200 male). All people opted for livestock rearing and so livestock were provided to them. This project was supported by Tearfund Australia, Tearfund UK, GC Relief and CAM. In addition to the 638 beneficiaries, through the livelihood programme of FiF 44 people were supported in Kandahar.

EDUCATION PROGRAMME

Under the HRP we also implemented the Serve Education Programme in Crisis where in the Minority (Pashai) children were provided preschool class and after school programme. This project is supported by Cedar Fund.

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. In the preschool programme there are 320 children (220 boys and 100 girls) in 11 classes. In the after-school programme, there are 320 children (100 boys and 220 girls) in 16 classes. Nine training programmes were conducted for 32 incentive teachers (16 male and 16 female) and 4 supervisors (2 male and 2 female), by the field team leader and field supervisor. Monitoring was done by the project coordinator. Distribution of stationery and education materials was done every month. Pashai writing workshops were conducted for 60 people (30 male and 30 female) in Dari Noor and Shewa district.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

HEALTH PROGRAMME

Health projects have been implemented in 3 locations in 2023, Alishang in Laghman Province, Panjwayee in Kandahar Province and Kakor in Kabul Province.

1. **SEHAT** – Under the SEHAT project, the implementation was done in Alishang and Kandahar. These projects were funded by GC Relief.

- Alishang Project – A health clinic was set up. 1 doctor, 1 male nurse % 1 female nurse, 1 Pharmacist cum logistic officer, 1 midwife, 1 vaccinator, 1 lab technician and other support staff were recruited. Purchased lab and general equipment, surgical items, medicines, iron folic acid etc. Furniture such as delivery bed, newborn bed, inverter & battery, water filter, refrigerator, safe for petty cash etc. were purchased. Vaccines were procured and administered. 3,199 children were immunized for polio according to the government rules. 19,563 people received treatment from the health clinic. 1,324 women are living a healthy life without any maternal issues and 2,436 of the targeted children live a healthy life due to the access to treatment and health awareness programme in the community. 334 children received IMNCI (Integrated Management of Neonatal and Childhood Illness) services. 521 pregnant and lactating mothers have normal Body Mass Index (BMI).

Panjawayee Project – A health clinic was set up. 1 doctor, 1 male nurse, 1 female nurse, 1 Pharmacist cum logistic officer, 1 midwife, 1 vaccinator, 1 lab technician and other support staff were recruited. Purchase of lab and general equipment, surgical items, medicines, iron folic acid etc. Furniture such as delivery bed, newborn bed, inverter & battery, water filter, refrigerator, safe for petty cash etc were purchased. 4,100 people got treatment from health clinic. 1220 women are living a healthy life without any maternal issues and 1,434 under 5 children live a healthy life due to the access to treatment and health awareness programme in the community. In Panjwayee, 305 received IMNCI and 204 pregnant women have normal BMI.

2. Kakor MCH project – This project is supported by Trust Bridge. A health clinic was set up by the project. A doctor and health professional were recruited to run the clinic. 7 deliveries were conducted by the Kakor clinic midwife. 1,004 women had four or more health check-ups during their pregnancy period. About 387 mothers received a post-partum visit from an appropriately trained health worker. 571 babies received appropriate newborn care. About 12,971 people have better health through the treatment at Kakor health clinic. 987 women were trained about safe deliveries and danger signs during delivery among women aged 18 to 50 years. 314 pregnant women received at least two TT vaccinations. 621 pregnant women consumed iron supplements. 1,333 mothers/family can name at least three essential newborn care practices. 801 Children aged 0 to 2 years were fully immunized. 1,479 children 0-5 months were exclusively breastfed. 383 children given appropriate complementary feeding after 6 months. 3,611 lactating mothers were treated.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

MAINSTREAMING PEOPLE WITH DISABILITIES

This project aims 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 (VI), hearing impaired (HI) and low vision (LV) children. The particular focus has become inclusive education. For sustainability, Serve Afghanistan works 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. In 2023, 881 children with disabilities such were supported to continue their education in early intervention programme, preschool Programme, Inclusive Education Programme in government school and University. Three Projects were implemented in Eastern Region, Central Region and Kandahar Region.

1. Serve's Eastern Region Disability Project (ERDP)

The project 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. This project is supported by KNH and Tearfund UK.

Achievements in 2023 included:

- A total of 301 CwDs attended home-based classes, re-school programme and inclusive education classes this year. 44 HI students (20 female and 24 male) are in segregated classes. The HI students were taught in separate classes in school. 94 HI (61 male and 33 female) attended preparation classes for entry to inclusive classes. 18 HI (13 male, 5 female) students were in inclusive classes in the Government schools. 30 VI (21 male, and 9 female) students attended schools in inclusive classes. 40 VI (22 male and 18 female) students attended PSP. 25 (11 male and 14 female) attended home based education programmes. 50 physically impaired (PI) (35 male and 15 female) students attended inclusive education programmes in government schools.
- 16 incentive teachers were hired for supporting kindergarden and grades 1 and 2. 3 interpreters were hired for 4 Inclusive classes in the government schools this year due to ban or sanction of the girls to study above grade six.
- This year the project distributed class materials and stationery to 156 HI and 95 VI students. Braille papers, sport materials for VI, whiteboard, trunk, farsh, water coolers, note books, pen, pencil, colour pencil, marker, eraser, slate, stylus, stylus frame, braille board, braille sixer were purchased for HI and VI students and were distributed to them.
- 60 government teachers were trained as planned. However, the PED of Laghman did not let us implement our training for 20 government teachers in Mastora high School because the protocol was not signed by the government.
- 4 IEAC members were trained.
- 100 (50 male and 50 female) hearing students received one day training in 2 government schools. They learned Afghan Sign Language (AFSL) so that they can communicate with HI students.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

2. Central Region Disability Project (CRDP)

The project 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. This project is supported by KNH, Tearfund UK and for Braille materials by Linda Norgrove Trust.

Achievements in 2023 included:

- 420 CwDs were supported with educational materials so that they can continue their education without putting pressure on their poverty-stricken parents. Young VI children were also provided preschool provision to prepare them for higher education in MoE schools. Total of CWDs supported are 113 VI (72 male, 41 female), 85 LV (50 male, 35 female), 135 HI (75 male, 60 female), 28 PI (18 male, 10 female), 20 intellectually impaired (15 male, 5 female), 23 male university students and home visit support for 16 female university students who cannot attend university anymore. Braille books were printed as planned and distributed to the students.
- The project was able to work with 18,500 school students by conducting awareness programmes in the morning assembly on issues of disability, how to communicate with them and how to create a conducive environment.
- 68 Ministry of Education schools are adopting inclusive education systems and functioning effectively due to the project support over the years.
- The project master trainer could train 77 male teachers from 3 government schools.
- 35 advocacy meetings conducted by project staff with the different Ministry of Education sectors.

3. Kandahar Disability Project (KDP)

The project aims to provide inclusive education of visually and hearing-impaired children in government schools. This project is supported by Cedar Fund.

Achievements in 2023 included:

- 24 HI and 26 VI CwDs are in preschool program. 93 HI and 7 VI CwDs are in inclusive education classes in government schools.
- Braille books provided to VI Students and other educational materials including desks, talking watches, and Mp3s according to their needs. Provided braille A4 papers at different times during the year.
- Purchased stationery including school bags, schoolbooks, notebooks, and other education materials which were provided to 117 HI and 33 VI students at different times according to their needs.
- 2 LV and 2 VI were referred to the eye hospital for treatment.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

EMERGENCY RELIEF PROGRAMMES

During 2023, the charity undertook emergency relief programmes in different location of the county in response to the effects of the conflict and crisis situation in Afghanistan. A total of three relief operations were carried out with a total of 2,605 families reached through the relief operation.

1. Under the support of GC Relief, emergency relief was conducted for 2,000 families in the following places-
 - Nangarhar Province, Pacheer Agam district on 27.03.2023 for 500 families.
 - Kandahar Province, Panjwayee district on 21.03.2023 for 500 families.
 - Laghman Province, Alingar district on 22.05.2023 for 500 families.
 - Parwan Province, Charikar City on 19.04.23 for 500 families.

The relief package for each household consisted of:

- Food package- 24.5kg of rice, 50kg of wheat, 5 litres of cooking oil, 7kg of red beans and 2kg of salt.
 - WASH kit- 4 pieces of hand washing soap, 5 pieces of laundry soap, 2 tubes of toothpaste, 8 toothbrushes and 8 washable face masks.
 - Winterized item- Two blankets
3. **Kandahar Relief** - Under the support of **FiF**, 140 poor and vulnerable families were provided emergency relief in Arghistan district in Kandahar Province. The distribution took place on 22nd February 2023.

The relief package for each household consisted of:

- Food package- 25kg of rice, 50kg of wheat, 5 litres of cooking oil, 7kg of red beans and 2kg of salt.
 - Hygiene kit- 4 pieces of hand washing soap, 5 pieces of laundry soap, 2 tubes of toothpaste, 8 toothbrushes and 8 washable face masks.
 - Winterized item- Two blankets to each family.
4. **Herat Earthquake Relief** - With the support from Tearfund Australia, SRG, KNH and Cedar fund, earthquake relief was conducted in Zindajan district of Herat Province. The relief covered 465 families. The relief package consisted of \$167 (AFN 12,500) per household.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

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 outgoing resources of \$233,385 (2022: net incoming resources \$47,084).

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 2023 unrestricted funds amounted to \$454,773 (2022: \$490,500), (of which designated funds amounted to \$106,027 (2022: \$106,027)) and restricted funds were \$163,299 (2022: \$360,957), totalling \$618,072 (2022: \$851,457). This is slightly below the target level of the Reserve Fund.

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 2023

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 recent increases in interest rates, the trustees are exploring ways to improve 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 2022 Serve prepared a strategic plan for the period 2024 - 2026. Suggestions to strengthen the projects which are implemented and new geographical areas and sectors were identified. The areas of funding and personnel recruitment were also discussed as an agenda given the current situation in Afghanistan. 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 Taimani, 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

Ms J H Powell Thomas

(Appointed 26 October 2023)

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.

SERVE AFGHANISTAN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

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 two Directors and Finance Manager. During the year, the senior members of staff were the Executive Director and the Senior Management Team:

Kennedy Dhanabalan: Executive Director
Mohammad Saber Alimi: Director (Projects)
Ghulam Mujtaba Khan: Director (Operations)
Bakht Mohammad Momand: Manager (Finance)
Masood Mahzoon: Manager (Projects)
Abdul Hasib Abid: Manager (HR)

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: 30 June 2024

SERVE AFGHANISTAN

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

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; 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 2023 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 2023 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

30 June 2024

Chartered Accountants
Statutory Auditor

SERVE AFGHANISTAN

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted funds general \$	Unrestricted funds designated \$	Restricted funds \$	Total 2023 \$	Unrestricted funds general \$	Unrestricted funds designated \$	Restricted funds \$	Total 2022 \$
<u>Income and endowments from:</u>									
Donations and legacies	3	15,184	-	2,056,390	2,071,574	74,852	-	2,357,291	2,432,143
Charitable activities	4	-	-	509	509	-	-	2,110	2,110
Investments	5	4,878	-	-	4,878	4,033	-	-	4,033
Other income	6	11,973	-	-	11,973	1,571	-	-	1,571
Total income		32,035	-	2,056,899	2,088,934	80,456	-	2,359,401	2,439,857
<u>Expenditure on:</u>									
Charitable activities	7	268,696	-	2,074,170	2,342,866	199,393	-	2,133,755	2,333,148
Net (outgoing)/incoming resources before transfers		(236,661)	-	(17,271)	(253,932)	(118,937)	-	225,646	106,709

SERVE AFGHANISTAN

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Net (outgoing)/incoming resources before transfers	(236,661)	-	(17,271)	(253,932)	(118,937)	-	225,646	106,709
Gross transfers between funds	193,522	-	(193,522)	-	258,940	-	(258,940)	-
Net (expenditure)/income for the year/ Net (outgoing)/incoming resources	(43,139)	-	(210,793)	(253,932)	140,003	-	(33,294)	106,709
Other recognised gains and losses	14							
Other gains or losses	7,412	-	13,135	20,547	(3,112)	-	(56,513)	(59,625)
Net movement in funds	(35,727)	-	(197,658)	(233,385)	136,891	-	(89,807)	47,084
Fund balances at 1 January 2023	384,473	106,027	360,957	851,457	247,582	106,027	450,764	804,373
Fund balances at 31 December 2023	348,746	106,027	163,299	618,072	384,473	106,027	360,957	851,457

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 2023**

		2023		2022	
	Notes	\$	\$	\$	\$
Fixed assets					
Tangible assets	15		25,346		8,786
Current assets					
Debtors	16	78,163		24,234	
Cash at bank and in hand		803,951		996,756	
		<u>882,114</u>		<u>1,020,990</u>	
Creditors: amounts falling due within one year	17	<u>(289,388)</u>		<u>(178,319)</u>	
Net current assets			592,726		842,671
Total assets less current liabilities			<u>618,072</u>		<u>851,457</u>
Income funds					
Restricted funds	19		163,299		360,957
<u>Unrestricted funds:</u>					
Designated funds	20	106,027		106,027	
General funds		348,746		384,473	
		<u>454,773</u>		<u>490,500</u>	
			<u>618,072</u>		<u>851,457</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2024 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 2023

		2023		2022	
	Notes	\$	\$	\$	\$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(190,491)		327,886
Investing activities					
Purchase of tangible fixed assets		(27,739)		(5,532)	
Proceeds on disposal of tangible fixed assets		-		1,466	
Investment income		4,878		4,033	
Net cash used in investing activities			(22,861)		(33)
Financing activities					
Repayment of borrowings		-		(44,723)	
Net cash used in financing activities			-		(44,723)
Net (decrease)/increase in cash and cash equivalents			(213,352)		283,130
Cash and cash equivalents at beginning of year			996,756		773,251
Effect of foreign exchange rates			20,547		(59,625)
Cash and cash equivalents at end of year			803,951		996,756

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, there were 7 members (2022: 6 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 \$2.25million already being pledged for 2025 and 2026. 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.

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 2023

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 2023

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 2023

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 2023

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.

3 Donations and legacies

	Total	Total
	2023	2022
	\$	\$
Donations and gifts	2,071,574	2,432,143

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

		(Continued)
3	Donations and legacies	
	Donations and gifts	
	TEAR Australia	471,879 860,619
	Kindernotlife	194,979 313,812
	Tearfund UK	399,015 642,875
	CAM	78,986 139,116
	Cedar Fund	75,225 143,298
	Linda Norgrove Foundation	6,643 7,880
	FiF	46,647 48,510
	CBM	- 9,200
	Trust Bridge Global Foundation	- 80,000
	SRG	- 125,003
	GCR	783,015 -
	Other	15,185 61,830
		<u>2,071,574</u> <u>2,432,143</u>

Other donations are donations from individuals.

4	Charitable activities	2023	2022
		\$	\$
	Sales within charitable activities	<u>509</u>	<u>2,110</u>

5	Investments	2023	2022
		\$	\$
	Interest receivable	<u>4,878</u>	<u>4,033</u>

All investment income is unrestricted.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

6 Other income

	Unrestricted funds general 2023 \$	Restricted funds 2023 \$	Total 2023 \$	Unrestricted funds general 2022 \$	Total 2022 \$
Other income	<u>11,973</u>	<u>-</u>	<u>11,973</u>	<u>1,571</u>	<u>1,571</u>

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Charitable activities

	Disability	Community Development	Relief Programmes	Total 2023	Disability	Community Development	Relief Programmes	Total 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Staff costs	175,136	452,851	10,425	638,412	149,190	230,499	65,733	445,422
Depreciation and impairment	-	-	-	-	3,941	1,064	-	5,005
Activities and materials	33,767	7,337	-	41,104	20,859	23,018	19,576	63,453
Staff training	-	2,920	-	2,920	901	91	-	992
Incentive workers	42,648	-	-	42,648	35,743	13,510	-	49,253
Travel expenses	20,834	48,392	17,368	86,594	6,541	10,287	24,989	41,817
Office supplies	6,100	26,463	215	32,778	1,412	3,036	2,946	7,394
Communications	5,169	9,112	69	14,350	4,673	7,838	1,826	14,337
Premises	8,014	46,277	-	54,291	6,698	23,914	4,869	35,481
Bank charges	11,849	38,246	24,388	74,483	34,104	75,881	107,486	217,471
Legal and professional fees	-	1,634	-	1,634	7,013	30,600	7,762	45,375
Disaster relief	-	-	242,152	242,152	-	-	951,144	951,144
	303,517	633,232	294,617	1,231,366	271,075	419,738	1,186,331	1,877,144
Grant funding of activities (see note 9)	-	749,860	92,944	842,804	45,395	78,845	137,971	262,211
Share of support costs (see note 10)	236,584	-	-	236,584	164,873	-	-	164,873
Share of governance costs (see note 10)	32,112	-	-	32,112	28,920	-	-	28,920
	572,213	1,383,092	387,561	2,342,866	510,263	498,583	1,324,302	2,333,148

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

		(Continued)					
7	Charitable activities						
	Analysis by fund						
	Unrestricted funds - general	268,696	-	268,696	193,793	5,600	199,393
	Restricted funds	303,517	1,383,092	387,561	316,470	492,983	2,133,755
		572,213	1,383,092	387,561	510,263	498,583	2,333,148

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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

The charity undertakes 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 6 (2022: 10) relief operations were carried out, which helped 2,605 displaced families.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

10 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	\$	\$	\$	\$	\$	\$
Staff costs	72,813	-	72,813	85,316	-	85,316
Depreciation	11,179	-	11,179	3,813	-	3,813
Other support costs	152,592	-	152,592	75,744	-	75,744
Audit fees	-	32,112	32,112	-	28,920	28,920
	<u>236,584</u>	<u>32,112</u>	<u>268,696</u>	<u>164,873</u>	<u>28,920</u>	<u>193,793</u>
Analysed between Charitable activities	<u>236,584</u>	<u>32,112</u>	<u>268,696</u>	<u>164,873</u>	<u>28,920</u>	<u>193,793</u>

Governance costs includes payments to the auditors of \$32,112 (2022- \$28,920) for audit fees.

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 7 (2022- 4) of them were reimbursed or had expenditure paid on their behalf to third parties totalling \$16,812 for travelling expenses (2022- \$3,998).

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
	<u>115</u>	<u>95</u>
Employment costs	2023 \$	2022 \$
Wages and salaries	<u>711,225</u>	<u>530,738</u>

No remuneration was paid to any employee in excess of \$76,395.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 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.

14 Other gains or losses

	Unrestricted funds general \$	Restricted funds \$	Total 2023 \$	Total 2022 \$
Foreign exchange (loss)/gain	7,412	13,135	20,547	(59,625)

15 Tangible fixed assets

	Computer equipment \$	Office equipment \$	Motor vehicles \$	Total \$
Cost				
At 1 January 2023	46,581	118,840	124,138	289,559
Additions	17,630	9,212	897	27,739
Disposals	(680)	(14,818)	(20,735)	(36,233)
At 31 December 2023	63,531	113,234	104,300	281,065
Depreciation and impairment				
At 1 January 2023	44,671	111,965	124,138	280,774
Depreciation charged in the year	6,792	4,207	179	11,178
Eliminated in respect of disposals	(680)	(14,818)	(20,735)	(36,233)
At 31 December 2023	50,783	101,354	103,582	255,719
Carrying amount				
At 31 December 2023	12,748	11,880	718	25,346
At 31 December 2022	1,911	6,875	-	8,786

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

16 Debtors		2023	2022
		\$	\$
Amounts falling due within one year:			
Trade debtors		51,402	7,113
Other debtors		6,715	13,932
Prepayments and accrued income		20,046	3,189
		<u>78,163</u>	<u>24,234</u>
17 Creditors: amounts falling due within one year		2023	2022
	Notes	\$	\$
Deferred income		142,940	62,414
Trade creditors		200	17,660
Other creditors		115,996	72,565
Accruals		30,252	25,680
		<u>289,388</u>	<u>178,319</u>
18 Deferred income		2023	2022
		\$	\$
Deferred income is included within:			
Creditors due within one year		<u>142,940</u>	<u>62,414</u>
Deferred income at 1 January 2023		62,414	-
Released from previous years		-	-
Amounts deferred in the year		<u>80,526</u>	<u>62,414</u>
Deferred income at 31 December 2023		<u>142,940</u>	<u>62,414</u>

Deferred income in the year relates to funding from individuals received in advance of 2024 projects.

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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:

	Movement in funds					Movement in funds					Revaluations, gains and losses		Balance at 31 December 2023	
	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 1 January 2023	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 31 December 2023			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
ERCDP	49,857	46,391	(27,715)	(56,276)	(816)	11,441	42,895	(30,675)	(2,756)	543	21,448			
ERDP (formerly SHIP)	12,996	126,611	(95,871)	(17,406)	(2,708)	23,622	104,197	(107,935)	(21,997)	2,113	-			
CRDP (formerly EMAD)	15,944	231,075	(200,788)	(19,989)	(5,446)	20,796	202,312	(150,737)	(24,175)	2,455	50,651			
CRHR (formerly CRCDP)	31,626	147,756	(123,195)	(19,601)	(3,414)	33,172	379,431	(383,298)	(21,150)	(8,155)	-			
KRHR														
KDH(formerly KCDP)	11,117	161,549	(124,493)	(22,434)	(3,513)	22,226	399,723	(403,167)	(25,375)	6,593	-			
KDP	-	24,214	(15,869)	(3,934)	(473)	3,938	20,672	(14,169)	(1,325)	193	9,309			
COVID19														
Relief Project	324,219	-	-	(324,219)	-	-	-	-	-	-	-			
Restricted Assets	5,005	-	(5,005)	-	-	-	-	-	-	-	-			
MCH	-	80,000	-	-	-	80,000	-	-	(80,000)	-	-			
ERHR- N	-	333,490	(216,516)	(967)	(6,391)	109,616	219,677	(306,653)	(28,536)	5,896	-			
ERHR- L	-	45,131	-	-	-	45,131	170,924	(195,419)	(20,409)	(227)	-			
Cedar Relief	-	80,300	(73,308)	(5,086)	(1,906)	-	-	-	-	-	-			

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

										(Continued)
19	Restricted funds									
	IGP 300 CAm 2022	-	79,612	(68,711)	(9,042)	(1,859)	-	-	-	-
	Kunar and Parwan Relief	-	132,654	(126,370)	(3,167)	(3,117)	-	-	-	-
	Tearfund UK Relief	-	192,753	(329,756)	145,438	(8,435)	-	-	-	-
	SRG KBL Relief	-	75,000	(64,787)	(4,302)	(1,652)	4,259	(1,841)	(2,418)	-
	Tearfund Australia	-	265,568	(251,417)	(7,751)	(6,400)	-	-	-	-
	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 Paktika	-	95,626	(95,095)	1,893	(2,424)	-	-	-	-
	SRG Parwan Relief	-	50,003	(39,882)	(2,355)	(1,010)	6,756	-	(6,756)	-
	Kakor Health Clinic	-	-	-	-	-	-	(21,756)	72,236	9 50,489
	Alishang Health Clinic	-	-	-	-	-	-	45,058	(6,787)	(947)
	Panjwayee Health Clinic	-	-	-	-	-	-	43,920	(7,810)	(633)
	GCR 2000 Poor Families	-	-	-	-	-	-	294,038	(18,093)	6,976 25,209
	FIF KDH Relief 140	-	-	-	-	-	-	36,225	(12,475)	(2,860)

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	(Continued)						
19 Restricted funds							
FIF KDH Relief 44	-	-	-	10,423	(18,093)	7,705	(35)
Herat Relief 465f	-	-	-	87,404	(89,024)	6,599	1,214
	450,764	2,359,401	(2,133,755)	(56,513)	360,957	2,056,899	(2,074,170)
						(193,522)	13,135
							163,299

Analysis of restricted assets

	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses 1 January 2023	Balance at 1 January 2023	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 31 December 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERCDP	1,054	-	(1,054)	-	-	-	-	-	-	-	-
ERDP	1,491	-	(1,491)	-	-	-	-	-	-	-	-
CRCDP	10	-	(10)	-	-	-	-	-	-	-	-
KCDP	-	-	-	-	-	-	-	-	-	-	-
KDP	2,450	-	(2,450)	-	-	-	-	-	-	-	-
	5,005	-	(5,005)	-	-	-	-	-	-	-	-

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Restricted funds	(Continued)
Eastern Region Humanitarian Response- Nangarhar Project (ERHR-N) - to empower vulnerable families in the target communities in the Eastern Region (Nangarhar) 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 Mobilizing Afghans with Disabilities Project (EMAD)) - to empower Afghan communities towards the integration of people with disabilities in all aspects of life.	
Central Region Humanitarian Response Project (CRHR) - to bring sustainable livelihood improvement for vulnerable people of Guldara district of Afghanistan.	
Kandahar Community Development Project (KRHR) - 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.	
Eastern Region Humanitarian Response- Laghman Project (ERHR-L) - to empower vulnerable families in the target communities in the Eastern Region (Laghman) and to improve their livelihood through improved adult literacy and development of animal husbandry.	
Eastern Region Community Disability Programme (ERCDP) - 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.	
Alishang Health Clinic (AHC) - This project will provide and assist the people to access medical care and increase their knowledge on preventive and health care as the sanctions have affected them to access health care facilities. The project will specifically focus on mother and child health care and nutrition.	
Panjwayee Health Clinic (PHC) - This project will provide and assist the people to access medical care and increase their knowledge on preventive and health care as the sanctions have affected them to access health care facilities. The project will specifically focus on mother and child health care and nutrition.	

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Restricted funds	(Continued)
Kakor Health Clinic (KHC) - This project will provide and assist the people to access medical care and increase their knowledge on preventive and health care as the sanctions have affected them to access health care facilities. The project will specifically focus on mother and child health care and nutrition.	
LGM, Parwan, KDH, NGR Relief for poor 2000 families (GCR) - Total of 2000 families benefitted from the project. 500 internally displace people (IDP) families in Jalalabad City and Pacheer Agam district in Nangarhar Province on 28 th March 2023, 500 IDP families in Mehtarlam City and Alingar district in Laghman Province on 23 rd May 2023, 500 IDP families in Kandahar and Panjwayee district in Kandahar Province on 21 st March 2023 and 500 families in Charikar District in Parwan Province on 19 th April 2023 received relief materials.	
Kandahar IDP 140 families (FiF) - Total of 140 families benefitted. The distribution was done on 13 th February 2023 at Arghasan District in Kandahar province.	
Kandahar IGP 44 families (FiF) - Total of 44 families benefitted. The distribution was done on 25 th December 2023 at A Panjwayee District in Kandahar province.	
Heart Earthquake Relief 465 families (Cedar fund, KNH, SRG, TF Aus) - 465 families affected by the earthquake from Herat Province were provided 12,500 Afghani each as a multi-purpose cash assistance (MPCA) on 21 st October 2023. These beneficiaries' houses were fully or partially damaged by the earthquake.	
Assets Fund - represents the net book value of the assets acquired by the restricted funds used for restricted purposes.	
Transfers	
\$147,769 (2022: \$191,837) transfer from restricted funds relates to the allocation of overhead costs in the year.	
\$nil (2022: \$40,480) transferred from restricted funds relates to the allocation of security costs in the year.	
\$45,753 (2022: \$26,623) transferred from restricted funds relates to the reallocation of funds to other projects.	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Designated funds

	Movement in funds			Movement in funds			Balance at
	Balance at	Incoming	Resources	Balance at	Incoming	Resources	Balance at
	1 January 2022	resources	expended	1 January 2023	resources	expended	31 December 2023
	\$	\$	\$	\$	\$	\$	\$
Large Equipment Replacement	106,027	-	-	106,027	-	-	106,027
	<u>106,027</u>	<u>-</u>	<u>-</u>	<u>106,027</u>	<u>-</u>	<u>-</u>	<u>106,027</u>
	106,027	-	-	106,027	-	-	106,027
	<u>106,027</u>	<u>-</u>	<u>-</u>	<u>106,027</u>	<u>-</u>	<u>-</u>	<u>106,027</u>

21 Analysis of net assets between funds

Analysis of net assets between funds						
	Unrestricted funds 2023		Designated funds Restricted funds		Total	
	\$	\$	2023	2023	2023	2023
			\$	\$	\$	\$
Fund balances at 31 December 2023 are represented by:						
Tangible assets	25,346	-	-	-	8,786	8,786
Current assets/(liabilities)	323,400	106,027	163,299	106,027	375,687	842,671
	348,746	106,027	163,299	106,027	384,473	851,457

SERVE AFGHANISTAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, is as follows.

	2023	2022
	\$	\$
Aggregate compensation	<u>127,792</u>	<u>46,583</u>

There were no further related party transactions in the year (2022: none).

23 Analysis of changes in net funds

The charitable company had no debt during the year.

24 Cash generated from operations

	2023	2022
	\$	\$
(Deficit)/surplus for the year	(253,932)	106,709
Adjustments for:		
Investment income recognised in statement of financial activities	(4,878)	(4,033)
Foreign exchange differences	(284)	-
Gain on disposal of tangible fixed assets	-	(613)
Depreciation and impairment of tangible fixed assets	11,179	8,818
Movements in working capital:		
(Increase)/decrease in debtors	(53,929)	65,445
Increase in creditors	30,543	89,146
Increase in deferred income	80,526	62,414
Cash (absorbed by)/generated from operations	<u>(190,775)</u>	<u>327,886</u>