

# Afghanaid



**Annual Report 2019**

# Afghanaid

Company No. 3034888

Charity Nos. 1045348 (England and Wales) and SC044614 (Scotland)

## REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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## REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number	3034888			
Charity Numbers	1045348 (England and Wales) SC044614 (Scotland)			
Governing Document	The charity was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.			
Registered Office & Operational Address	The Green House, 244-254 Cambridge Heath Road, London E2 9DA			
Board of Trustees	Mr Christopher Kinder	Chair	Mr Shirazuddin Siddiqi	Member
	Ms Elizabeth Winter, OBE	Vice-Chair	Dr Orzala Ashraf Nemat	Member
	Ms Pauline Hayes	Secretary	Dr Brian Pratt	Member
	Ms Mary Mountain, FCA	Treasurer	Mr Anthony Fitzherbert, OBE	Member
	Dr David Page	Member	Dr Martin Greeley	Member
	Mr Mark Bowden, CMG	Member		
Principal Staff	Mr Charles Davy, Managing Director			
Bankers	Barclays Bank Plc. London Corporate Banking Group 1 Churchill Place London E14 5HP		Bank Alfalah Ltd 410 Charah-e-Sadarat Shehr-e-Now Kabul, Afghanistan	
	Da Afghanistan Bank Kabul Afghanistan		New Kabul Bank Ltd Kabul Afghanistan	
Solicitors	Russell-Cooke LLP 8 Bedford Row London WC1R 4BX			
Auditors	Crowe U.K. LLP, Chartered Accountants  St Bride’s House, 10 Salisbury Square London EC4Y 8EH			
Auditors - Afghanistan	PKF, Chartered Accountants  Member firm of PKF International  House Number 3, Street 5, Sailoo Road Kabul, Afghanistan			



## STATEMENT FROM THE MANAGING DIRECTOR – CHARLES DAVY



This past year saw the 40th anniversary since conflict began in Afghanistan; four decades of untold hardship and the loss of hope to millions of generous, caring and ambitious people. In terms of the lives and opportunities lost, the infrastructure destroyed as well as the economic and ecological degradation caused, no country has suffered more or for so long. But this past year there was a ray of hope, as the USA and the Taliban opposition more openly began peace talks. As I write this introduction, a deal has been reached, opening the way for talks between the newly elected Government of Afghanistan and the Taliban. The people of Afghanistan dare to hope that a lasting peace, an Afghan peace, can be reached.

Meanwhile, putting the interests of the communities we serve at the heart of our work, we steadfastly continued to implement an expanded programme of basic services, improved livelihoods, climate change adaptation and ecosystem-based disaster risk reduction, as well as responding to climatic and conflict-induced humanitarian crises when they arose. Through the year we served over one million Afghans across eight provinces, while our partners extended that reach to a further three provinces. An overview of our programme and projects, accompanied by engaging success stories, is provided within the body of this report.

Through our programmes we also continued to mainstream and advocate for the rights of women, good governance and appropriate environmental and climate policies; and we played an influential role in forums, speaking truth to power and negotiating access to services for marginalised groups. I am immensely proud of and thankful for the determination and resilience our field staff, managers and Board of Trustees have shown in ensuring remote communities have both a clear voice and fair access to the services we and our partners offer.

I truly feel our efforts of recent years to further anchor our financial foundations came to fruition in 2019. Income over twelve million pounds facilitated more impactful development and humanitarian programmes, complemented by still more capable managerial abilities.

Of course, none of these successes would be possible without the backing of our donors and supporters, for whom we are truly thankful. This past year, my very special thanks go to both the Ajahma and Brewster Maude Charitable Trusts, which by converting loans to grants and awarding or committing to award new grants added a further £430,000 to our working capital reserves. Diligent cash management is immensely important to Afghanaid and such grants will allow programme continuity when other donors are slow to meet obligations and leverage new projects for years to come. Please review our financial statement contained in this report.

I am also immensely thankful to the expanding and dedicated team of supporters in the UK and around the World, who in 2019 participated in a variety of challenges and cultural events to raise awareness about the needs of vulnerable Afghans as well as the funds to support them. Special thanks go to the organising committee of our now bi-annual Royal Geographical Society event, where Shoaib Sharifi, Harriet Sandys and Afghanaid's own Shiraz Siddiqi, expertly led by Master of Ceremonies, Lyse Doucet, gave intimate and enthralling accounts of their Afghanistan and Afghanaid experiences.

As I close this introduction, the world has been gripped by COVID-19, and the number of cases in Afghanistan is mounting rapidly. In a country struggling with deep-seated poverty, long-running conflict and an extremely fragile health system, the prognosis is dire. Since January, Afghanaid has trained staff, provided protective materials, implemented mitigation measures, developed appropriate policies and systems, conducted awareness raising across 1,500 communities and worked with donors to assess income at risk. Afghanaid, I believe, is well prepared to continue assisting the communities we serve through the challenging time ahead.

Charles Davy  
Managing Director

## **REPORT OF THE TRUSTEES**

The Trustees present their report and audited financial statements for the year ended 31 December 2019.

The reference and administrative information set out on page 4 forms a part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (issued March 2005).

## **GOVERNANCE AND MANAGEMENT**

### **Appointment of Trustees**

In advance of Trustees leaving, the existing board members canvas for new appointments, vet and select, then vote on new members. Once elected, members remain in office for three years unless they resign or are removed. After this time, members must retire at the AGM, but are eligible for re-election by other members.

The Board of Trustees may also appoint individuals to fill vacancies in the membership and may co-opt up to five additional members.

### **Policies and Procedures on Training of Trustees**

New trustees are provided with Afghanistan's Guide for Trustees, its Memorandum and Articles of Association, as well as information on its current strategy, programmes and projects, its annual accounts and minutes of the most recent board meetings. The Chair and the Managing Director also brief new members, and meetings are arranged for them with key staff. The training requirements of the Board of Trustees are reviewed every two years at a special board meeting dedicated to board appraisal and a strategy review.

### **Organisational Decision-Making**

Afghanistan's committed Board of Trustees meet quarterly throughout the year with the Managing Director and other Directors to review strategy, programme and financial performance, security, safeguarding and other risks, funding and income matters, and to discuss significant trends and problems that might affect long-term organisational stability. The Board Security Committee also meets quarterly with the Security Team Leader and the Managing Director. Moreover, the Managing Director liaises bi-weekly with the Chair of the Board of Trustees to consult and receive support and guidance, and the Director of Finance and Operations meets monthly with the Treasurer, also to consult and receive support and guidance.

Trustees are required to disclose all relevant interests and to register them with the Chair and withdraw from a decision where a conflict of interest arises.

### **Pay and Remuneration**

As a matter of course the Trustees are not remunerated. However, Trustees are normally recruited for their expertise and if a project requires a significant amount of time from a particular Trustee then the Trustee could be contracted to do the work.

All related party transactions are disclosed under Note 19 in the financial statements.

The Directors of Afghanistan are employed according to approved terms, conditions and pay scale applicable to all staff.

### **Public Benefit**

The Board of Trustees of Afghanistan complies with the requirements of Section 17 of the Charities Act 2011 and refers to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and in planning

future activities. In particular, the Trustees have considered how the planned activities will contribute to the aims and objectives they have set.

Afghanaid works in some of the poorest and most remote parts of Afghanistan. Its special focus is on working with vulnerable, impoverished and marginalised communities, including women and children, to improve their well-being and opportunities. It also advocates for social change with, and on behalf of, disadvantaged communities and works with them, civil society organisations and various levels of government in Afghanistan to ensure that national development efforts are both equitable and sustainable. The organisation regularly evaluates its own work and commissions external evaluations to ensure that it is meeting its objectives and bringing benefit to the targeted communities and groups.

### **Safeguarding**

Afghanaid already has in place key policies to protect its beneficiaries and staff from sexual exploitation, abuse and harassment, and provides continual training to staff across its offices to ensure safeguarding policies are adhered to. Afghanaid aims to adhere to best-practice standards and has again reviewed these practices over the past year.

### **Grant Making and Subcontracting Arrangements**

**Grant Making:** As a rule, Afghanaid does not typically make grants to individuals or other organisations.

**Subcontracting:** In order to support Afghanaid in reaching its objectives, attain greater geographical reach, access populations in need and draw on technical expertise, Afghanaid identifies suitable implementing partners amongst other NGOs and Civil Society Organisations. Afghanaid vets and conducts due diligence exercises including the gathering of references from other donors and partners, and engages with these organisations throughout the project design, proposal development and subcontracting phases, requires quarterly reporting, and monitors and evaluates their performance.

### **Fundraising**

The Board of Trustees oversees all fundraising activities and ensures that the reputation of and public trust in Afghanaid is protected throughout. Afghanaid conducts its fundraising efforts in full compliance with the applicable laws and regulations, and continually evaluates its fundraising practices on the basis of the principles provided by the Charity Commission in its guidance on charity fundraising (CC20) published in November 2016. Afghanaid does not use any professional fundraisers or commercial participators in carrying out its activities. Every care is taken to protect vulnerable people and other members of the public from behaviour which is unreasonable or places an individual under undue pressure. Afghanaid received no complaint from supporters or potential supporters during 2019, under GDPR or otherwise.

## **HISTORY**

Established in Britain in 1983 to serve the needs of Afghans fleeing war in Afghanistan, following the invasion by the Soviet Union, Afghanaid has since become one of the longest serving and most widely respected non-governmental organisations (NGOs) in the country. Today, Afghanaid's dedicated personnel work in some of the most remote and inaccessible areas of Afghanistan, serving tens of thousands of deprived, excluded and vulnerable families.

In the early years, from our initial base in Peshawar, we delivered humanitarian relief to Afghan refugees and, braving conflict in Afghanistan, provided essential services such as delivering food, medical supplies and agricultural and livelihoods assistance.

From the early 1990s, Afghanaid shifted the focus of its work in Afghanistan from humanitarian relief to community-focused development to empower rural people and strengthen community self-reliance. At that time, we became renowned for our community-driven construction and repair of major infrastructure, such as bridges and roads, as well as our assistance in improving local capacities of food production.

Moving the head office from Peshawar to Kabul in 2003 enabled Afghanaid to work more closely with the Afghan Government and with local stakeholders, strengthen the network of offices across the country, and even more effectively meet the needs of families facing the greatest hardships.

This past year, Afghanaid marked its 36<sup>th</sup> year of working with rural Afghan men, women, girls and boys to improve their lives.

## PRESENT DAY

Afghanaid's head office is located in Kabul. We have another 16 offices across the provinces of Badakhshan, Takhar, Samangan, Ghor, Herat, Nangarhar, Logar and Daykundi, and a small fundraising office in London. At the end of 2019, Afghanaid employed 400 staff, 96% of whom were Afghans.

Our work falls under four main pillars: basic services, improved livelihoods, disaster risk reduction and resilience, and emergency humanitarian assistance.

**Our vision** is for a peaceful and thriving Afghanistan.

**Our mission** is to work alongside Afghans providing the skills, training and tools they need to help themselves, their families and their communities.

**Basic Services** includes constructing community infrastructure such as wells, reservoirs and pipe systems that provide clean drinking water; constructing latrines and raising communities' awareness of good hygiene practices; installing micro-hydro power plants to bring electrical power to villages for the first time; constructing roads that give remote villages access to medical services, schools and markets; and building and equipping schools, making it possible for boys and girls to receive an education in a safe environment.

**Improved Livelihoods** includes providing resources and creating associations for communities to more effectively protect and manage their natural resources such as water, forests and rangelands, thereby preventing overgrazing and erosion, mitigating the damage caused by climate change and improving productivity. Improving livelihoods also entails working with farmers and their families to improve agricultural and animal husbandry techniques and productivity; providing vocational training and support for small enterprise development, especially among women; and introducing innovations that add value for farmers and entrepreneurs, as well as improving access to markets.

**Disaster Risk Reduction and Resilience** involves working with communities to assess hazards and providing them with the training and support they need to take pre-emptive actions to mitigate the impact of climate change and disasters. This area of our work also strengthens communities' capacities to effectively respond to, and manage, disasters when they do occur.

**Emergency Humanitarian Assistance** involves the provision of urgent food, clean water, shelter and sanitation in the aftermath of a disaster. Following a disaster, we assist communities so that they can rebuild their homes, renovate productive land and community infrastructure and revitalise livelihoods.

**Gender Rights and Good Governance** are so central to the sustainability and impact of Afghanaid's work that we incorporate these two themes into each and every one of our projects. These themes occasionally also form the basis of stand-alone projects. Afghanaid believes that working with both men and women is necessary in order for Afghanistan to achieve political and economic stability. We work with both sexes in all of our projects and ensure that men and women are consulted at every stage of project intervention – from design and implementation to monitoring and evaluation. We also work to improve local governance, to ensure that services and development are in line with the needs and priorities of the poorest people.

Afghanaid's success is founded on our community-focused approach through which we help community members to identify their most pressing needs and support them to solve their problems. This grassroots approach, coupled with years of experience – including an understanding of local cultural and tribal issues – has earned Afghanaid's staff great trust and respect, which in turn has afforded access to some of the most remote areas of Afghanistan.





*We work alongside vulnerable women across the country, providing them with the knowledge, resources, and agency they need to transform their families' lives, exercise their rights and become leaders in their communities.*



## PROGRAMMES

### Basic Services

More than 70 percent of Afghans live in rural communities. In the most remote villages, which are isolated by the country's mountainous terrain and shortage of roads, basic community services such as electricity, clean water and sanitation facilities are scarce. Villagers in these areas cannot access healthcare, education or establish links with local markets in order to sell and receive goods. Without economic and social safety nets, impoverished rural communities struggle to support their most vulnerable members, such as the elderly, people with disabilities, those suffering from chronic illnesses and female-headed households. As severe weather patterns and natural disasters in Afghanistan increase each year with climate change, the needs of these communities become ever more pressing.

Central to Afghanistan's basic services work is the Citizens' Charter National Priority Programme (CCNPP), which we have implemented in partnership with the Afghan Government since June 2017. The CCNPP pursues a Government commitment to provide every community in Afghanistan with basic services, based on each community's specific needs. Using a community-led development approach, Afghanistan facilitates the formation of village-level leadership bodies, Community Development Councils (CDCs), which are trained to identify challenges affecting the entire community, create specialised action plans and manage local development projects to address their needs. As a result, local governance is strengthened, and local people are placed at the forefront of decisions affecting their lives. In 2019, Afghanistan supported 1,437 CDCs to bring basic infrastructure, facilities and services to approximately 134,000 households.

### *Community Services in Dare Kerman*



*Gul Bahar, a resident of Dare Kerman village, uses a water access point to clean her dishes.*

Women like Gul Bahar (27) from Dare Kerman village, located in the Lal wa Sarjangan district of Ghor, used to walk up to 1km to fetch drinking water from nearby rivers. It was difficult for them to collect any water during the winter months due to the heavy snow and every year, as a result of the cold weather, many of the women who collected it would catch pneumonia. On top of this, the water wasn't safe enough to drink, and each month, numerous villagers would fall sick with diarrhea, typhoid or other water-born illness. Young children were at the most risk and, every year, at least one of the village's 31 families would lose a child.

Three years ago, Afghanaid began implementing the Citizens' Charter National Priority Programme in this village. We mobilised community members to establish a Community Development Council (CDC) and then trained members to oversee all aspects of the village's development. Identifying access to clean water as the most pressing need, the CDC built a water supply network to connect the 31 households to a constant supply of clean drinking water. The new pipe system has multiple access points, so that families in the centre and outskirts of the village can have 24-hour access to potable water. As a result of the project, rates of water-born illness and disease have fallen dramatically and this year, no child died as a result of unclean drinking water.

### **Livelihoods**

In areas where Afghanaid works, over 90 percent of the population is dependent on agriculture as their primary source of income. Farmers and pastoralists living in poor and isolated communities rely on small-scale crop cultivation and animal husbandry as their only sources of income. Climate change threatens traditional agricultural methods, making it increasingly difficult for rural communities to manage natural resources, guarantee an annual harvest and raise strong and healthy livestock.

Afghanaid has decades of experience in strengthening and diversifying the livelihoods of vulnerable rural families, supporting them to better manage their natural resources, improve their farming techniques and draw upon additional livelihood options such as food processing, handicrafts and tailoring. Our work enables farmers, pastoralists and villagers to increase their income, consume more nutritious food, send their children to school and live with greater dignity. In 2019, Afghanaid improved the livelihoods of 36,500 households by enhancing their agricultural and livestock productivity, providing vocational training and incubating small businesses.

Our livelihoods programme provides agricultural and livestock support to farmers through a combination of training and direct assistance. We help farmers to increase and diversify their crops by teaching them new agricultural techniques and distributing inputs such as improved agricultural seed and fertiliser. We train rural families on animal husbandry techniques, so that they can continue to use their livestock for transportation, winter clothes and dairy products.

This year, we trained thousands of families in poultry rearing, dairy processing and financial management, enabling them to produce milk, eggs, butter, yogurt and cheese to eat at home and sell in local markets. We also partnered with The Brooke Hospital for Animals in order to provide animal health and welfare training and veterinary services to 2,000 families in central Afghanistan. To bolster agricultural and livestock assistance, we constructed irrigation structures, established home gardens and community orchards and then trained communities on how to effectively manage these resources. With support from the Swiss Agency for Development and Cooperation, we promoted techniques to conserve water, protect and renew forests and rangelands and reduce environmental degradation. This year, Afghanaid constructed two dams alongside thousands of trenches, eyebrow pits and ridge terraces, which resulted in the irrigation of 1,061 acres of land for 3,964 farming families.

As a result of Afghanaid's livelihoods work, which provided rural communities with diversified sources of income, farmers are more resilient to natural disasters and better protected against economic shocks. Afghanaid works with struggling farmers in northeast Afghanistan, for example, who have turned to the illicit opium trade—the largest in the world—in order to feed their families. Farmers in the region cultivate, sell and trade opium poppy, which is extracted from the poppy plant and refined to produce heroin and other opioids. Since 2017, Afghanaid has partnered with the United Nations Office on Drugs and Crime (UNODC) to provide farmers with the agricultural supplies and tools needed to plant alternative licit crops, which are more lucrative than opium poppy production, bring greater variety to farmers' diets and better protect them from economic instability. This year, we reached 3,000 farmers in



poppy-producing regions, distributing improved wheat seed, seed potatoes, beans, fertiliser and supporting linkages to markets. As a result, these farmers' income increased by 38 percent and 75 percent of farmers diversified their incomes.

We work to improve the livelihoods of the poorest, most vulnerable groups in the country. In 2019, we worked with the UK's Department for International Development (DFID), the Norwegian Agency for Development Cooperation (Norad) and the Italian Agency for Development to support rural women in northern and central provinces, and the US Bureau for Population, Refugees and Migration (BPRM) to provide assistance to displaced women and their families in the eastern regions bordering Pakistan. Afghanaid has adopted an innovative approach that combines income generation, promoting women's engagement in community governance and raising awareness about women's rights. Our vocational and literacy training provides vulnerable women with the knowledge, resources and agency to contribute to household income and to thereby have greater influence in household and community decisions. In 2019, Afghanaid provided 7,300 women with vocational training in areas such as food processing, handicrafts and tailoring. These women also received enterprise development and financial management training so that they are better equipped to sell their products in local markets. Two thousand eight hundred of these women also attended basic literacy and numeracy courses. Complementing this work, we also worked to change community perceptions of women's rights and value to society through focus group discussions, theatre performances, magazine distributions and radio broadcasts.

### Masoma's Story



As the sun beats down on Tagab, a village nestled on the side of a steep mountain in Daykundi, 20 year-old Masoma works her way through her new feeding routine for her livestock.

Masoma, her father and four siblings rely entirely on agriculture to support themselves - they grow crops on their land, and they own a small flock of sheep and a donkey. Despite this, families like Masoma's have never learned how to look after their animals properly, or how to get the most out of them. On top of this, the landscape is harsh and the extreme weather throughout the year is unforgiving. From flash-floods to droughts, and freezing winds to heavy snowfall, families here are battling against a lot just to get by. As a result, Masoma's family often had to go without daily essentials.

"Our animals were often weak and couldn't work or carry the load well," she reflects. "We were usually only able to keep a donkey alive for about a year. This meant we could not collect our harvest or get to the market. As a result, we often went hungry."

Then Masoma enrolled in our animal welfare training course. She has since taken part in six sessions on various topics, covering animal welfare and health management.

"I realise now that we weren't looking after our animals, we were just feeding them," she says. "After taking part in this training course and learning how each animal can contribute to our income, I am now taking much better care of our donkey and sheep. These days they are much healthier, so they are producing more for us, and our donkey is happy, calm and working hard. This means we are healthier and stronger too!"

Masoma has also enrolled in one of Afghanistan's training courses in dairy processing, learning the skills she needs to produce dairy products from their sheep's milk.

"In the past, we would get dairy products from the market at high prices, if we could afford it, but now that I have learned how to produce yoghurt, butter, and cheese for us at home, we can save this money," she says. Masoma's family now has a more nutritious diet, and she loads the surplus dairy products onto her donkey to carry them on the long journey to the market to sell, thus increasing her family's income.

Her family's situation is starting to improve and, once they have earned enough money, Masoma says she hopes to invest some of it back into her new business, to improve and expand it.

### **Disaster Risk Reduction and Emergency Humanitarian Assistance**

Prolonged political instability, widespread armed conflict and vulnerability to natural disasters have trapped millions of Afghans in a severe and complex humanitarian crisis. Heavy winter snowfall seals off communities for months on end, weak infrastructure buckles under heavy spring rain and extended dry spells destroy crops and livelihoods. Due to a political system weakened by four decades of war, as well as geographical barriers separating the country's 34 provinces, it is difficult for the Afghan government to provide urgent and timely assistance to its citizens during floods, droughts, landslides, avalanches, earthquakes and repeated cycles of conflict. As climate change increases, extreme weather events will only surge and place more stress to Afghanistan's economy, stability and food security. At the end of 2019, 10.23 million Afghans, or 33 percent of the population, were facing severe or acute food insecurity.<sup>1</sup> Afghanistan supports communities to protect themselves from and adapt to the ravages of climate change, implements projects to make families more resilient to the ensuing disasters and provides emergency assistance to meet the needs of affected communities when disasters strike.

During 2019, thousands of families were still recovering from the 2018 drought—the worst this century—which struck two thirds of the country and robbed millions of people of their livelihoods. In 2019, Afghanistan supported drought-recovery activities for small-scale farmers in the Central Highlands. We provided livestock owners with concentrated animal feed, fast growing fodder seed and deworming medicine to ensure their animals were well-fed, protected from parasites and produced enough milk. We also distributed agricultural inputs such as wheat seed, vegetable seed and fertiliser to an additional 9,900 families to improve the crop yield of their lands. Together, these interventions improved the food security of 35,925 households, increasing their resilience as they continued to recover from the drought.

Many families displaced by natural disasters or conflict live in tents or makeshift homes inside incomplete buildings, leaving them particularly vulnerable during Afghanistan's bitter, icy winters, especially in the Central Highlands. In total, Afghanistan supported 1,920 internally displaced families with winterisation assistance in 2019. We provided 780 drought-affected families (5,460 individuals) with cash assistance so they could purchase heaters, medicine and meet critical daily needs. We provided a further 750 families with warm blankets as well as household and female hygiene kits; and for 390 families (2,700 individuals) uprooted from their homes as a result of the drought and conflict, we ensured they had a warm shelter through the freezing winter months.

During 2019, with the support of the Swedish International Development Cooperation Agency (Sida), Afghanistan continued to lead the four-agency Afghanistan Resilience Consortium (ARC) which collectively assisted 48,000 families in 245 villages across Afghanistan's disaster prone north and central highlands to adapt to climate change, reduce the

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<sup>1</sup>Integrated Food Security Phase Classification (ICP) Report, November 2019.

risk of natural disasters, equip them to better respond to emergencies and enhance their resilience to recover after disaster has occurred. For example, we built mitigation structures, including flood prevention structures with a combined length of 2,169 meters, protecting 1,895 households and 232.6 hectares of agricultural land. To reduce soil erosion and further mitigate the risks of flash flooding, while also enhancing livelihoods, we planted 46,450 fruit and non-fruit trees. Moreover, so communities are better prepared to respond when disasters strike, we helped villages establish early warning systems and emergency response teams.

### *Zubaida's story*



Two years ago, Zubaida's eldest daughter dropped out of primary school in their village in Afghanistan's northeast.

Zubaida's husband, who worked as a daily labourer, was the sole provider of the family. His wages couldn't cover the family's basic household needs, let alone school supplies like notebooks and a uniform. That year, the family's financial situation took a turn for the worse. Desperate for more income, Zubaida found a job for her daughter in one of their neighbour's homes.

Then, Afghanistan came to the 39-year-old mother's village, and she enrolled in a six-day course to learn how to weave gabion, the wire baskets filled with stones used in civil engineering projects, as a part of a community-based disaster management project. After completing the course, Zubaida received cash in exchange for weaving gabion baskets, which were being used in the community to build walls preventing floods and landslides.

With the skills she learned, Zubaida successfully applied for a job with the local Department of Irrigation as a gabion weaving trainer. Now, with Zubaida's steady income, her family's economic situation is improving, and her eight-year-old daughter is back in school.

"My family's life has been completely changed for the better. Our finances are getting better, and now we can afford to send our daughter to school. I'm confident that we can make a better and brighter future for our children. Thank you very much Afghanistan for supporting me and other vulnerable women to stand on our feet."

## Gender Rights and Good Governance

In 2019, Afghan men, women and children continued to witness widespread conflict and instability—for the sixth year in a row, the United Nations recorded more than 10,000 civilian casualties in the country. The outcome of the September 2019 presidential elections remained contested and unresolved through the end of the year, and the peace negotiations between the Taliban and US government have raised more questions than answers. Meanwhile, Afghanaid encountered more challenges in advocating for women’s rights, especially in areas under Taliban control, which raises grave concerns on how to maintain the gains made on women’s rights in a post-peace Afghanistan.

Afghanaid believes that good governance - the meaningful participation of all groups in Afghan society in the political process - is key to achieving longstanding peace and prosperity in Afghanistan. Good governance requires a strong relationship between citizens and government authorities on the local, provincial and national level. We promote good governance by mobilizing community-level councils, which are tasked to oversee basic services, the distribution of natural resources such as rangelands and the management of watersheds.

We also recognize the substantial amount of work still needed to guarantee Afghan women equal social, economic and political power as men. In all of our projects, we strive to create an environment in which poor women are empowered as active citizens and responsible leaders who are able to negotiate their social and economic rights. Afghanaid works with communities to elect women leaders to Community Development Councils, so that women’s perspectives are included in the community development process. Likewise, we build the capacity of women involved in our disaster risk reduction activities, training them on creating hazard maps of their villages, planting and gabion weaving, disaster response and first aid, so they are active participants in reducing the risks facing their communities. We consult with women throughout all stages of a project, ensuring their perspectives are considered in the design and implementation. This helps to guarantee that our projects benefit men and women equally, do not harm or exclude women and help redress existing gender imbalances.

Afghanaid works with youth associations and religious leaders in local communities to organise conferences, workshops and campaigns to raise awareness regarding women’s rights, in addition to spreading positive messages through theatre performances, radio programmes and print and visual media. This year, we produced a series of five short films on women’s rights that were used as educational and advocacy tools within our projects. We interviewed past project beneficiaries and current social organisers involved in our women’s rights projects to cover the following topics: women’s rights in Islam, women’s right to education, women’s economic rights, forced marriage and reproductive rights. Upon completion of the films, which were narrated and subtitled in Dari and Pashto, we circulated the content and discussion guidelines to project leaders, in order for them to integrate women’s rights discussions into all our activities.

### ***Arifa’s story***

When Arifa heard about the knitting classes provided by Afghanaid, she was excited to join. She knew enough knitting to make clothes for herself, but she had never thought of selling them in the market. “I wanted to learn something new and useful, and to make money so I could help my family.”

For the first month, Arifa went to class in secret, joining two-dozen other women from her small town in northern Afghanistan to learn knitting and crocheting techniques.

“My brothers were against me joining the class. Only my mother supported me,” she said. Neither Arifa, nor her two older sisters, were ever given the opportunity to receive an education. “Because we were girls, we weren’t allowed to go to school,” she explained.

Several weeks into the course, once Arifa realised how much she was learning, she now had the confidence to broach the topic with her brothers again.





*Arifa attends a knitting class with other women from her village*

“I showed them what I had learned. I knew enough to be able to sell small products, and they could see this would benefit the whole family. Finally, after many discussions, they agreed.”

Now, Arifa goes to the local market every two weeks to sell her products. People have started requesting orders specifically from her. She can afford to buy supplies for her house and stationary for her younger brother, who is in school. Arifa’s brothers have also started to take her work seriously.

“Before I enrolled in this course, my brothers thought that women couldn’t work. I’ve shown them that I can, I can contribute.” Once she completes the course, Arifa plans to start a business. She wants to help other women in her community acquire skills as well.

## 2020 PROGRAMME PLANS

### Basic Services

In 2020, Afghanaid will finish the first phase of the Citizen’s Charter. We will continue training communities in project management, disaster risk management, nutrition, gender and conflict resolution. The project team will increase their focus on community monitoring and evaluation of projects, utilising score cards and minimum standards monitoring sheets, so that communities are better equipped to achieve their development outcomes. We will hand over 1,437 capacitated CDCs to the Afghan Government.

### **Livelihoods**

Afghanaid will continue to provide vital support for the livelihoods of communities across the country. We will boost the livelihoods of 38,500 rural Afghans by providing agricultural and livestock assistance, delivering technical training and material inputs for poultry rearing, orchard and rangeland management, vegetable and dairy processing and business development. We will also integrate literacy courses and vocational skills training, particularly for women, to further their empowerment and enable them to participate in the economy. As a part of the next phase of our women's empowerment projects, we will educate 5,250 women on family planning in order to increase household knowledge of reproductive health, hygiene and nutrition.

### **Disaster Risk Reduction and Humanitarian Assistance**

In 2020 we will continue to support people affected by natural disasters and conflict, especially displaced families, to get through the cold winter and to recover. In the spring, as the snow melts and heavy seasonal rains cause floods and landslides in the northern and central provinces, we will provide lifesaving assistance to disaster-affected communities. We will distribute emergency cash, food, materials and shelter. To aid communities in recovery we will assist in reconstructing homes and supply affected families with seeds, fertiliser and feed for their livestock. We will also train farmers in climate-smart agricultural techniques, such as land preparation and livestock rearing, so as to support families in boosting their livelihoods and becoming more resilient to climate induced disasters.

### **Gender Rights and Good Governance**

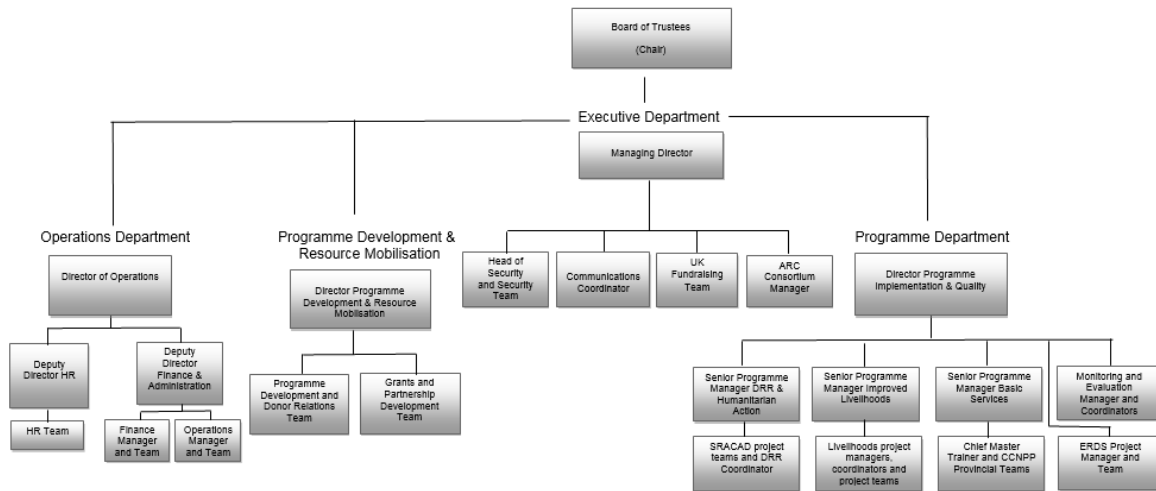
We will continue to promote the rights of women, disabled people and minorities, facilitating their inclusion in community-level decision-making processes and providing assistance that directly serves their interests and leads to their empowerment. Most especially we will focus on women's economic empowerment and promotion of women's rights through an Islamic lens; our experience clearly shows us that these two approaches, when combined together, are powerful and effective means to achieve change.

We will also continue to work alongside and train community leadership groups to fairly and equitably represent and give voice to the best interests of all their constituents. And we will continue to influence the choices and actions of government and donors, to hold them to account and speak truth to power; most especially in advocating for better management of national initiatives such as the Citizens' Charter National Priority Programme and in promoting sustainable watershed and natural resource management, and supporting adaptation to climate change



## AFGHANAID PEOPLE

Afghanaid aims to recruit, attract and retain staff who are driven, innovative thinkers who contribute to achieving Afghanaid's vision and mission. The organisation is structured according to the following organogram:



In 2019, a total of 118 staff were recruited and deployed to new projects. At the end of December 2019, we had a staff complement of 400, including 10 international personnel based in Afghanistan and 8 staff in the UK. Of this total number, 38.4% were women and fully 95.5% of our personnel were Afghan nationals. Once again, we enjoyed a very modest turnover rate of just 1.2% for the year.

A total of 351 staff received training in subjects such as hostile environment and first aid, reintegration, emergency response, environmental and social safeguarding, watershed management, humanitarian safety and security, gender mainstreaming and monitoring and evaluation. Two members of staff who work with our animal welfare project received animal health framework training and strategic planning, management and budgeting training.

During the year, five staff continued their higher education with a financial contribution from Afghanaid. Two of these staff were awarded MBAs. Afghanaid also supported English-language classes for 26 local staff and Dari language training for international staff based in Kabul.

At the start of 2020 we will roll out an upgraded safeguarding policy covering all beneficiaries, stakeholders, full-time and part-time staff and begin delivering refresher training across the organisation.



## OUR DONORS AND SUPPORTERS

Afghanaid's ability to serve the most vulnerable and marginalised communities across Afghanistan is thanks to the generosity of our donors and supporters, who enable us to continue addressing the survival and development needs of these communities. We would like to recognise and thank them here.

In 2019, Afghanaid received humanitarian and development funding from:

- The Brooke Hospital for Animals
- Italian Agency for Development Cooperation, Embassy of Italy, Kabul - AICS
- Islamic Aid
- Ministry of Rural Rehabilitation and Development of the Islamic Republic of Afghanistan
- Norwegian Agency for Development Cooperation - Norad
- Swedish International Development Cooperation Agency - SIDA
- Swedish Postcode Foundation
- Swiss Agency for Development and Cooperation - SDS
- The HALO Trust
- UK Department for International Development
- United Nations Food and Agriculture Organization (FAO)
- United Nations Office for the Coordination of Humanitarian Affairs
- United Nations Office on Drugs and Crime
- United Nations World Food Programme
- US Department of State Bureau for Population, Refugees, and Migration

We also received generous support from the following trusts and foundations in the UK:

- Joanna Herbert Stepney Charitable Settlement
- Roger Stirk Charitable Trust
- The E M Macandrew Trust
- The Guatemalan Indian Centre

Very special thanks go to the Brewster Maude Charitable Trust and Ajahma Charitable Trust. During 2019 The Brewster Maude Charitable Trust donated a further £50,000 to Afghanaid's working capital and Ajahma Charitable Trust converted a working capital loan of £150,000 to a grant and committed an additional grant of £230,000. Working capital grants such as these are immensely valuable to Afghanaid, allowing us to leverage post-paid contracts and easing cashflow so that we can assist tens of thousands of Afghans lift themselves out of poverty for years to come.

We would like to express our sincerest thanks to all of our individual donors; in particular to Matin Behzad, Joanna Lumley, Jo Nicholson, Michael Maude, Christopher Brewer, Hubert de Pelet, Jerome O'Hea, Kalpna Saksena, Sir Nicholas Barrington, James Sinclair-Taylor, Musmina Mustaffa, Simon Hall and Roger Scarlett-Smith, whose continued support enables us to reach people across Afghanistan and deliver emergency assistance and long-term support where it is needed most.

And we would also like to thank the committee members who gave their time and expertise to help organise our event at the Royal Geographical Society: Dr Sarah Rutherford, Ulla Calvert, Heidi Kingstone, Tasha Jennifer Arguile, Felicity Finch, Sima Vaziry, Mareia Abed, as well as everyone who donated items to our auction, attended the event or contributed to making the evening a great success.

Afghanaid would like to thank and congratulate everyone who participated in the London Marathon and other challenge events to raise money for Afghanaid this past year: Mohammad Ilyas Hamdard, Mo Altamash, Kelly Barnes, Sophie Ellis, Isobel Darcy, Robert Johnson, Robert Nutter, Nadia Serroukh, Zeeshan Khan, Majid Butt and Matthew Lewin. We are also incredibly lucky to have the support of a number of fundraising groups and we would like to thank everyone who organised or attended community and student events in 2019. We would like to especially thank The Adstockistan Orchard, King's College University Raise and Give Society, and Brunel Afghan Society.

## COMMUNICATIONS

This year we have continued to diversify our communications and deliver quality information and content to existing, new and potential supporters. Overall, website visits, engagement with the website content, and donations have seen an upward trend throughout 2019.

Engagement with our website increased substantially after we improved our search engine optimisation by updating meta descriptions and doing research on search terms so that users interested in Afghanistan could easily find us. We also launched a new section that celebrates Afghan culture which has proven to be very popular. We continued to use social media to engage with existing and attract new supporters, and we increased the usage of video and interactive content. As a result, the number of our followers increased and traffic from our social media posts doubled. By the end of the year, the average monthly visitors to our website almost tripled and users were spending more time on the site once they got there.

We sought out new audiences, particularly students and the Afghan diaspora in the UK. These efforts allowed us to more than double the amount raised through student and community fundraising as compared to 2018. In September, King's College London selected Afghanaid as one of three charities of the year for their Raising and Giving (RAG) scheme. This is the first time Afghanaid has been selected as a RAG charity of the year and should have meant fundraising events taking place throughout the 2020 academic year, with a third of all money raised coming to Afghanaid. However, with the lockdown and the closure of universities, these activities have been put on hold.

## STATEMENT ON COVID 19

As at the date of signature of this report, the world remains in the grip of the COVID-19 pandemic. Some countries are beginning to take concrete steps to open up their respective economies, but huge uncertainty and volatility sustains. Aside from the public health questions, the impact on economies across the world is unknown, although all commentators agree there will be a considerable recession. It remains unclear how deep this recession will be or how long it will last.

Of all the possible impacts of COVID-19, Afghanaid is seized with the situation in Afghanistan in the areas where we operate. The impact of the COVID-19 pandemic on operational areas remains uncertain, with some activities impacted. No programmes have been suspended at the time of signing this report, but it is possible that the fragile health systems in Afghanistan may be overwhelmed as the infections reach their peak, with subsequent shutdowns of implementation possible.

Afghanaid has undertaken a range of activities to maximise its resilience during the pandemic, including:

- Provision of PPE for front line staff and awareness campaigns to minimise the spread of COVID-19 during implementation
- The core team has set up to work remotely, with amended business processes implemented to ensure optimal management of finance and programmes
- A comprehensive engagement plan with donors has been executed with all institutional and major donors. This has included 'repurposing' some of our grants and contracts to support COVID-19 response activities in Afghanistan. We have found the majority of our donors to be very flexible, constructive and most are amenable to meeting core costs even during depressed programme activities.
- We have kept a close eye on core costs, deferring some staff recruitment and suspending discretionary spending in 2020 to the extent possible. We have maintained a key focus on liquidity, monitoring our cash flow on a regular basis. We are confident that the combination of the reserves we carry, the funding donors are continuing to provide, and our close management of post-paid contracts will enable us to manage cash flow volatility through this period
- We have undertaken scenario planning looking at a variety of financial scenarios including some with pessimistic assumptions. We are confident that Afghanaid is financially robust even under these negative scenarios, although should the more dire assumptions come to pass, difficult austerity decisions will be needed. Our operating model is flexible, giving us a range of options should this be necessary. We are performing monthly organisation-wide financial reforecasting and monthly management accounts reviews, which we are using to inform understanding and decision making.

## *Combatting the impact of COVID-19*



Twenty-seven-year-old Qiam, who had been forced to flee his home village due to conflict and had found work in Aybak as a daily labourer, had recently been out of work for weeks due to the coronavirus lockdown. He was struggling to provide his wife and two young daughters with even basic essentials and was starting to feel desperate. Then he heard Afghanaid was recruiting for construction labourers to work in the hills around Aybak, digging trenches and setting up what will be almond tree plantations and irrigation systems in the future.

These plantations are part of our broader community-based disaster management project. By strengthening the management of the watersheds they live in, these communities will be able to reduce the risks of annual flash floods and droughts, diversify what they grow and strengthen their resilience to unexpected events like this pandemic.

In order to continue this work whilst ensuring the safety of those involved, we have provided all workers with information and advice about COVID-19, along with a protective mask. Before starting their work, they line up to wash their hands, while one of the men checks everyone's temperature with an infrared thermometer.

"I immediately jumped on the opportunity," Qiam said, digging his shovel deep into the fresh soil. Alongside him, about one hundred local workers have been hired to help prepare a total of 400 hectares that would be turned into productive farmland.



*From freezing winters to punishing droughts, climate change is having an increasing impact on communities in Afghanistan. We support remote villagers to adapt their livelihoods to a changing world and get the most out of the natural resources upon which they rely, all year round.*

## FINANCIAL REVIEW

Income of more than £12 million was recognised in the financial year 2019 and this is a notable increase from the income of £9 million in 2018. The increase in income is attributed mainly to significant award income recognised in the SIDA funded ECO based disaster risk reduction programme, implemented by Afghanaid and three other Afghanistan Resilience Consortium partners, namely Save the Children Afghanistan, Concern Worldwide Afghanistan and Action Aid Afghanistan. A total of £4.4 million was recognised under the SIDA funded consortium, with £2.75 million attributable to consortium partners and the balance of £1.65 million being Afghanaid direct implementation. Other significant income was recognised from the following awards: UKAID Families Empowerment (FEM) Programme £1.15 million, UK DFID funded Afghanistan Resilience Consortium £1.1 million, Government of Afghanistan MRRD funded Citizen Charter National Priority (CCNPP) Programme £1.046 million, SDC funded RAMA programme £953k, UNODC funded BADIL programme £690k, and the BPRM funded FLIP programme £595k. Afghanaid implemented other programmes focusing on emergency humanitarian assistance, women's economic empowerment, and cash assistance for internally displaced people. The other smaller programmes contributed the remaining income recognised.

The pressure on cash persisted from the 2018 financial year, with a majority of organisational reserves invested in the CCNPP programme. Significant cash payments were received from MRRD for the CCNPP programme at the end of the 2019 financial year and in early 2020. Due to a number of external dependencies, it is expected that the implementation timeframe of the CCNPP programme will be extended from the initial contractual end dates of May 2020 to December 2020. Our key focus will be on managing costs to completion of the CCNPP projects.

Afghanaid has continued to have a prudent approach to cash management to ensure that the maximum cash exposure does not exceed the working capital available. Afghanaid received an additional £50k from the Brewster Maude Trust as an expendable endowment to bring the total to £150k. The conversion of the £150k Ajahma loan into a working capital grant in 2019 provided further cash for working capital. Subsequent to the financial year end, a further working capital grant of £230k was received from Ajahma Charitable Trust.

The majority of Afghanaid contracts are funded in advance and management ensures that these programmes are either cash positive or cash neutral.

### Reserves

At 31 December 2019 Afghanaid had total funds of £1,313k, made up of an expendable endowment fund of £150k and £1,163k unrestricted funds. This is an increase from the total funds of £885k as at 31 December 2018.

The total of unrestricted reserves is made up as follows:

**General reserve:** an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short term cash flow needs and potential co-financing requirements. At the end of 2018 this reserve was £742k and was increased to £1,056k at the end of 2019.

**Fixed asset reserve:** an amount to cover funds invested in tangible and intangible fixed assets totalling £107k at the end of 2019 (£43k at end of 2018).

The Trustees review the reserves policy annually and have decided that the level of general reserves is appropriate given the uncertainties and risks to which the organisation is subject.

### Going Concern

The trustees are required to consider whether it is appropriate for Afghanaid's accounts to be prepared on a 'going concern' basis. The going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future. The accounts have



been prepared on a going concern basis, the assumption underpinning this being that Afghanaid will continue in operational existence for the foreseeable future and has neither the intention nor need to curtail significantly the scale of its operations.

Factors which support this assumption include the following:

- Further awards from a range of donors have been agreed in the 2020 financial year.
- The COVID-19 crisis will impact programme delivery and therefore will have an impact on our revenue projections and cost recovery. However, our planning and forecasting suggests that this is expected to be manageable with the support of key donors who have indicated that they will show flexibility in the event of major disruption to programme delivery.
- A robust pipeline of potential new multi-year funding post 2020 exists.
- Completion of CCNPP programme in 2020, with no cost overruns.
- Continued strong cash management and cash flow projections.

### **Key Risks and Uncertainties**

Afghanaid's Executive Team is responsible for ensuring that risk management processes are embedded into the day-to-day operations through effective implementation of policies and procedures. Risk assessment is conducted comprehensively every two years and risk registers are developed at an organisational and project level. The Executive Team reviews the organisational risk register 3-4 times a year and provides updates to the Trustees twice a year

The Trustees are ultimately responsible for risk management and the effectiveness of Afghanaid's internal control systems. They have assessed major risks to which the charity is exposed and have put in place controls, systems and procedures to manage those risks. It is not possible to eliminate all risk.

The Trustees also monitor the effectiveness of risk management processes through assurance mechanisms including outsourced internal audit and in-house compliance functions. As a result of the risk assessment exercise, as is common with similar organisations operating in our sector in Afghanistan, security, long-term funding and working capital emerge as the most significant ongoing risks, in addition to the emergence of the COVID-19 pandemic in 2020.

- **COVID-19 Pandemic:** The advent of the COVID-19 pandemic has created an uncertain operating environment in 2020. The disease has spread quickly in Afghanaid operational areas with movement restrictions affecting the smooth implementation of projects. Afghanaid has focused on protecting frontline staff, with provision of PPE and training, to minimise the spread of the infection to staff, communities and main stakeholders. Some activities have been impacted as Afghanaid complies with guidelines on social distancing, and restricted movement of staff and beneficiaries. Scenario planning was conducted to assess the resilience of organisational income in the financial year, to test the ability of the organisation to meet core operating costs given projected reduced spending. The finances are largely resilient, even with reduced income. Iterative forecasting and scenario planning will be conducted throughout the year as the fluid COVID-19 situation evolves within Afghanaid operating areas.
- **Security:** Insecurity remains a significant threat to Afghanaid's staff, communities and operations. This may hamper our ability to operate effectively and safely and to deliver our programmes within the funds available. Our approach remains very much to work with the consent and cooperation of local communities and to ensure that we maintain our reputation for impartiality and independence. The 2020 annual operating plan and budget therefore reflect additional security costs to enhance existing security infrastructure and embed best practice.
- **Long term funding:** Shifting funding priorities, political instability in Afghanistan especially with the electoral impasse post the November 2019 Presidential Elections, and the COVID-19 crisis, have created some uncertainty around funding commitments for Afghanistan beyond the 2019 financial year. Afghanaid continues to build key donor and implementing partner relationships to position itself for future funding opportunities. Some opportunities for WASH activities, as part of the COVID-19 humanitarian response, are being explored as part of the organisational mandate to provide assistance to the most vulnerable Afghans. Afghanaid is actively managing existing contracts with current donors to realign expenditure, negotiate possible cost extensions and minimise the impact of a possible prolonged curtailment of programme activities.

- **Working Capital and Cash:** The majority of Afghanaid's programmes are funded in advance and we work with donors and partners to ensure that these programmes remain either cash positive or cash neutral. The CCNPP contracts with the Government of Afghanistan MRRD and the World Bank operate as contracts, rather than grants, with payments made in arrears against the achievement of contractual milestones. These contracts give rise to a working capital requirement and we work closely with MRRD and the World Bank to ensure the payment mechanism on these contracts remains equitable and appropriate.



## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Afghanaid for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each of the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees fully subscribe to the tenets of Charity Governance Code which is anchored on seven principles namely organisational purpose, leadership, integrity, decision-making, risk and control, board effectiveness, diversity, openness and accountability. The Trustees are aware that the Charity Governance Code is not a regulatory requirement but recommends best practice and assists in making well considered decisions, which are in the best interest of the charity.

## Auditors

Crowe UK LLP was appointed auditor for the year. In accordance with the provisions of the Companies Act, it is proposed that it be re-appointed auditor for the ensuing year.

The Trustees' Report, incorporating the Strategic and Directors' Report, was approved by the trustees on

\_\_\_\_\_ 25 June 2020 \_\_\_\_\_ and signed on their behalf by:

\_\_\_\_\_ PKJ \_\_\_\_\_

Christopher Kinder  
Chairman Board of Trustees

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF AFGHANAID**

### **Opinion**

We have audited the financial statements of Afghanaid for the year ended 31 December 2019 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 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**

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

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

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In 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 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper 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.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 25, the trustees (who are also the directors of the charitable company for the purposes 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**

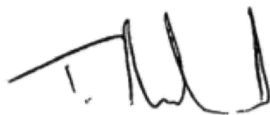
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

**London**

**Date** 4 August 2020

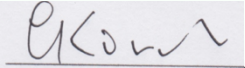
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2019


	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £	2018 Total Funds £
<b>Income and endowments from:</b>						
Donation and Legacies		71,745	-	-	71,745	74,350
Grants & Contracts	4	1,514,401	10,312,541	50,000	11,876,942	8,761,607
Other trading activities		40,822	-	-	40,822	49,517
Investments		5,937	-	-	5,937	22,610
Other		6,060	-	-	6,060	42,631
<b>Total</b>		<b>1,638,965</b>	<b>10,312,541</b>	<b>50,000</b>	<b>12,001,506</b>	<b>8,950,715</b>
<b>Expenditure on:</b>						
Raising funds		106,871	-	-	106,871	145,082
Rural Rehabilitations & Emergencies		1,254,258	10,312,541	-	11,566,799	8,763,524
<b>-Total</b>	5	<b>1,361,129</b>	<b>10,312,541</b>	<b>-</b>	<b>11,673,670</b>	<b>8,908,606</b>
<b>Net income/(expenditure)</b>		<b>277,836</b>	<b>-</b>	<b>50,000</b>	<b>327,836</b>	<b>42,109</b>
<b>Other recognised gains:</b>						
Gains on foreign exchange retranslation		99,696	-	-	99,696	156,943
<b>Net Movement in Funds</b>	16	<b>377,532</b>	<b>-</b>	<b>50,000</b>	<b>427,532</b>	<b>199,052</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		785,400	-	100,000	885,400	686,348
<b>Total funds carried forward</b>	16	<b>1,162,932</b>	<b>-</b>	<b>150,000</b>	<b>1,312,932</b>	<b>885,400</b>

COMPANY NUMBER: 3034888  
BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	As at 31 December 2019 £	As at 31 December 2018 £
<b>Fixed Assets:</b>			
Intangible assets	9	13,225	28,151
Tangible assets	10	94,028	14,573
<b>Total fixed assets</b>		<b>107,253</b>	<b>42,724</b>
<b>Current Assets:</b>			
Debtors	11	1,708,494	2,086,351
Cash at bank and in hand	12	6,180,841	5,226,484
<b>Total current assets</b>		<b>7,889,335</b>	<b>7,312,835</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	13	6,683,656	6,470,159
<b>Net Current Assets</b>		<b>1,205,679</b>	<b>842,676</b>
<b>Total Net Assets</b>		<b>1,312,932</b>	<b>885,400</b>
<b>The funds of the charity:</b>			
Endowment Fund		150,000	100,000
Unrestricted Funds		1,162,932	785,400
<b>Total charity funds</b>	16	<b>1,312,932</b>	<b>885,400</b>

Approved by the trustees, and authorised for distribution, on 25 June 2020 signed on their behalf by:

  
\_\_\_\_\_  
Christopher Kinder  
Chairman

  
\_\_\_\_\_  
Mary Mountain  
Treasurer

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities	A 949,863	3,884,654
<b>Cash flows from investing activities:</b>		
Interest received	5,937	22,610
Purchase of tangible fixed assets	(100,516)	(7,338)
Net cash used by / (provided by) financing activities	(94,579)	15,272
Change in cash and cash equivalents during the reporting period	855,284	3,899,926
Cash and cash equivalents at the beginning of the reporting period	5,226,484	1,169,615
Change in cash and cash equivalents due to exchange rate movements	99,073	156,943
Cash and cash equivalents at the end of the reporting period	6,180,841	5,226,484

**Table A**

<b>Net income/(expenditure) for the reporting period:</b>	328,459	42,109
Adjustments for:		
Returns on investment	(5,937)	(22,610)
Depreciation and amortisation of fixed assets	33,150	33,546
Revaluation of tangible fixed assets	2,838	1,338
Increase / (decrease) in creditors	377,856	(749,701)
Increase in debtors	213,497	4,579,972
Net cash flow from operating activities	949,863	3,884,654



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 1: CHARITY INFORMATION**

Afghanaid is a company limited by guarantee, which is incorporated in England and Wales. Afghanaid is a registered charity in England and Wales, and Scotland, and is a public benefit entity.

The address of the registered office is 244-254 Cambridge Heath Road, London, United Kingdom, E2 9DA.

Company Name: Afghanaid, LBG

Company No. 3034888

Charity Nos. 1045348 (England and Wales)  
SC044614 (Scotland)

**NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of Afghanaid's accounting policies, which are described in note 3, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**NOTE 3: ACCOUNTING POLICIES**

The principal accounting policies which have been adopted have been set out below:

**a) Accounting Convention**

The accounts (financial statements) have been prepared under the historical cost convention and in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and UK Generally Accepted Practice as it applies from 1 January 2015.

**b) Branch accounting**

Operations in Afghanistan are, in accordance with SORP 2015, treated as a branch of Afghanaid and their results are included here in.

**c) Preparation of the accounts on a going concern basis**

After making appropriate assessments, analysis and judgements as described in more detail in the trustees' report, the trustees have a reasonable expectation that Afghanaid has adequate resources to continue in operational existence for the foreseeable future. For this reason, the trustees continue to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 3: ACCOUNTING POLICIES (CONTINUED)**

Factors which support this assumption include the following:

- Further awards from a range of donors have been agreed in the 2020 financial year.
- The COVID-19 crisis will impact programme delivery and therefore will have an impact on our revenue projections and cost recovery. However, our planning and forecasting suggests that this is expected to be manageable with the support of key donors who have indicated that they will show flexibility in the event of major disruption to programme delivery.
- A robust pipeline of potential new multi-year funding post 2020 exists
- Completion of CCNPP programme in 2020, with no cost overruns
- Continued strong cash management and cash flow projections

**d) Functional/Presentation Currency**

The functional currency of Afghanaid and its branches is considered to be in Afghanis because that is the currency of the primary economic environment in which the charity operates i.e. Afghanistan. The financial statements are presented in pounds sterling.

**e) Income**

All incoming resources are included in the Statement of Financial Activities (SOFA) when Afghanaid is entitled to the income, when it is probable that the incoming resource will be received and the amount can be quantified with reasonable accuracy.

The following specific policies apply to categories of income:

Performance based contracts: where Afghanaid provides goods and/or services in return for a fee as part of its charitable activities such contractual income is recognised as income in the SOFA to the extent that Afghanaid has provided the goods and/or services thereby earning the right to consideration by its performance.

Grants from governments, institutional donors and trusts & foundations: those related to specific conditions are recognised as income in the SOFA when the conditions have been substantially met and the associated expenditure is incurred. Grants that are not subject to specific performance deliverables or conditions are recognised in full in the SOFA when they become receivable. Where income is received in advance of its recognition in the SOFA it is deferred as a liability until certainty exists that the conditions imposed can be met. Where entitlement occurs before incoming resources are received the income is accrued.

Investment income is recognised when receivable.

Donated goods, services and facilities represent the value of the contribution made by benefactors. An equivalent amount is included in resources expended in accordance with the recommendation of the SORP.

Other income, including proceeds from the sale of assets, is recognised in the period it is receivable and to the extent that Afghanaid has provided the goods or services.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 3: ACCOUNTING POLICIES (CONTINUED)**

**f) Expenditure**

Resources expended are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the category. Cost of raising funds relates to direct costs incurred in obtaining future funding, including an allocation of salaries and resources used. Direct charitable expenditure comprises all expenditure directly relating to the objects of the charitable company.

Support costs comprise all administrative services supplied centrally, identifiable as wholly or mainly in support of the emergency and rural rehabilitation programmes as well as governance costs related to the management of Afghanaid's assets, organizational management and compliance with constitutional and statutory requirements. These have been apportioned to the charitable activities and costs of raising funds on the basis of staff time spent on each area.

**g) Intangible Fixed Assets**

Software and website development costs are capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight line basis over the anticipated life of the benefits arising from the completed project.

**Tangible Fixed Assets**

Depreciation is provided on a straight line basis on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Motor vehicles	4 years
Office equipment	4 years
Plant and machinery	5 years

Items of equipment are capitalised where the purchase price exceeds £3,812 (US\$ 5,000). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

**h) Financial Instruments**

Afghanaid has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Financial assets held at fair value at the Balance Sheet date comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

**i) Fund Accounting**

**Restricted funds** are donations and grants for which the donor has specified an intention to support a particular aspect of Afghanaid's charitable activities, together with investment income accruing directly to those restricted funds. Only expenditure which meets the criteria agreed by the donor is charged against each fund. Surpluses are held until they can be fully expended on the activity to which the restriction applies. In the case of grant funds, unspent balances are usually returnable at the end of the grant period.

Restricted funds may be either endowment (capital) or restricted income funds, depending on the nature of the restriction. Endowment funds are resources held by Afghanaid on trust, comprising monetary and other assets which represent capital.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 3: ACCOUNTING POLICIES (CONTINUED)**

Endowment funds are expendable, the purpose of which is specified by the donor. Restricted income funds are resources held on trust for spending on specific purposes.

All other funds are unrestricted income and may be used for any of the organisation's charitable purposes.

**General reserve:** an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short term cash flow needs and potential co-financing requirements

**Designated funds** are amounts set aside from the general fund which are being held at the discretion of the Afghanaid Board of Trustees

**j) Foreign Currency Transactions**

Transactions in foreign currencies are recorded using the monthly average rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated. Gains or losses on transactions are included in the Statement of Financial Activities. Where exchange differences are directly attributable to a particular fund, they have been included in the movements against that fund.

**k) Leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 4: GRANTS & CONTRACTS FOR RURAL REHABILITATION & EMERGENCIES

	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 31 December 2019	Unrestricted Funds	Restricted Funds	Year ended 31 December 2018
	£	£	£	£	£	£	£
<b>Government Grants &amp; Contracts (Note 4.1&amp;4.2 )</b>							
UK Department for International Development (UK DFID)	-	2,286,775	-	<b>2,286,775</b>	-	4,989,115	<b>4,989,115</b>
Government of the Islamic Republic of Afghanistan (GoIRA)	1,329,066	-	-	<b>1,329,066</b>	1,380,401	-	<b>1,380,401</b>
US Government - BPRM	-	594,711	-	<b>594,711</b>	-	808,409	<b>808,409</b>
French Embassy	-	-	-	-	-	1,923	<b>1,923</b>
Norwegian Refugee Council (NRC)	-	-	-	-	-	398,040	<b>398,040</b>
HALO Trust	-	-	-	-	-	266,182	<b>266,182</b>
Swiss Development Cooperation (SDC)	-	953,722	-	<b>953,722</b>	-	-	-
Norwegian Agency for Development Cooperation	-	212,254	-	<b>212,254</b>	-	-	-
SIDA-Afghanistan Resilience Consortium (ARC)	-	4,440,609	-	<b>4,440,609</b>	-	-	-
Brooke Animal Hospital	-	159,066	-	<b>159,066</b>	-	-	-
Sub total	1,329,066	8,647,137	-	<b>9,976,203</b>	1,380,401	6,463,669	<b>7,844,070</b>
<b>Multilateral Grants &amp; Contracts</b>							
European Commission	-	-	-	-	-	42,969	<b>42,969</b>
United Nations Office for Coordination of Humanitarian Affairs (UNOCHA)	-	244,669	-	<b>244,669</b>	-	-	-
United Nations Children's Emergency Fund (UNICEF)	-	-	-	-	-	23,426	<b>23,426</b>
United Nations Office on Drugs and Crime (UNODC)	-	690,514	-	<b>690,514</b>	-	332,917	<b>332,917</b>
Sub total	-	935,183	-	<b>935,183</b>	-	399,312	<b>399,312</b>
Trusts & Foundations Grants	-	63,928	50,000	<b>113,928</b>	-	-	-
Other Grants & Contracts	185,335	666,293	-	<b>851,628</b>	16,456	501,769	<b>518,225</b>
Sub total	185,335	730,221	50,000	<b>965,556</b>	16,456	501,769	<b>518,225</b>
<b>TOTAL</b>	<b>1,514,401</b>	<b>10,312,541</b>	<b>50,000</b>	<b>11,876,942</b>	<b>1,396,857</b>	<b>7,364,750</b>	<b>8,761,607</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 4.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2019)**

Income from governments during the reporting period include:

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
UK Department for International Development (UK DFID)	Grants for provision of disaster risk reduction; water, sanitation and hygiene services; and economic empowerment for women	2,286,775	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Contracts for provision of basic services and agriculture value chain interventions	1,329,066	None
US Government	Grants for Building Women's Livelihoods and Reintegrating Refugees.	594,711	None
Swiss Development Cooperation (SDC)	Grants for Rangeland Management Project	953,722	None
Norwegian Agency for Development Cooperation	Grants for Promoting Gender Equality and Women's Rights	212,254	None
SIDA-Afghanistan Resilience Consortium (ARC)	Grants for Community Based-Eco-Disaster risk reduction	4,440,609	None
Brooke Animal Hospital	Animal health care	159,066	None
<b>TOTAL</b>		<b>9,976,203</b>	

**NOTE 4.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2018)**

Income from governments during the reporting period include:

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
UK Department for International Development (UK DFID)	Grants for provision of disaster risk reduction; water, sanitation and hygiene services; and economic empowerment for women.	4,989,115	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Contracts for provision of basic services and agriculture value chain interventions	1,380,401	None
US Government	Grants for Building Women's Livelihoods and Reintegrating Refugees	808,409	None
French Embassy	Grants for livelihood programme activities	1,923	None
Norwegian Refugee Council (NRC)	Grants for livelihood programme activities	398,040	None
HALO Trust	Grants for livelihood programme activities	266,182	None
<b>TOTAL</b>		<b>7,844,070</b>	



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5: EXPENDITURE (2019)

	Raising funds	Rural Rehabilitations & Emergencies	2019 Total	2018 Total
	£	£	£	£
Staff costs	41,847	2,753,758	<b>2,795,605</b>	<b>2,603,205</b>
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	4,180,804	<b>4,180,804</b>	<b>3,478,922</b>
Direct costs	58,197	4,182,961	<b>4,241,158</b>	<b>2,513,376</b>
Support costs (note 5.3)	6,827	449,276	<b>456,103</b>	<b>313,103</b>
	<b>106,871</b>	<b>11,566,799</b>	<b>11,673,670</b>	<b>8,908,606</b>

NOTE 5.1: EXPENDITURE

	Grants to Institutions	Support Costs	Year ended 31 December 2019	Year ended 31 December 2018
	£	£	£	£
Basic Services	599,765	-	599,765	317,279
Improved Livelihoods	59,352	-	59,352	-
Emergency Humanitarian Assistance and DRR	3,521,687	-	3,521,687	3,133,445
Common Costs, Cross-cutting Themes & Other Unallocated	-	456,103	456,103	341,301
<b>Total</b>	<b>4,180,804</b>	<b>456,103</b>	<b>4,636,907</b>	<b>3,792,025</b>

NOTE 5.2: SUB GRANTS PER PARTNER (excluding support costs)

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Afghan Education Production Organization - AEPO	49,065	28,198
Concern Worldwide - Afghanistan	699,099	1,013,533
Action Aid - Afghanistan	725,656	679,330
United Nations Environment Programme - UNEP	171,284	358,740
Save the Children - Afghanistan	1,935,936	1,081,842
Oxfam Novib	245,708	101,131
Coordination of Humanitarian Assistance - CHA	354,056	216,148
	<b>4,180,804</b>	<b>3,478,922</b>

100% of grants are to institutions; no grants are paid to individuals (2018: £ nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**NOTE 5.3: ANALYSIS OF SUPPORT COSTS**

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31-Dec-19 Total	Year ended 31-Dec-18 Total
	£	£	£	£
Staff costs	3,383	222,617	226,000	93,954
Governance	917	60,372	61,289	27,435
Administrative costs	2,527	166,287	168,814	191,714
<b>TOTAL</b>	<b>6,827</b>	<b>449,276</b>	<b>456,103</b>	<b>313,103</b>

**NOTE 6: NET EXPENDITURE FOR THE YEAR IS STATED AFTER CHARGING:**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
- Amortisation and depreciation	33,150	33,546
- Trustees' travel expenses	1,276	2,182
- Auditors' remuneration:		
Afghanistan	6,194	5,122
United Kingdom	18,500	18,000
<b>Operating lease payments:</b>		
- Land and buildings	216,944	228,654
- Other assets	5,902	2,365

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7: STAFF COSTS

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
<b>Staff costs were as follows:</b>		
Gross salaries - Afghanistan	2,385,890	2,135,847
Gross salaries – UK	186,605	148,794
Social security costs	192,477	160,938
	<b>2,764,972</b>	<b>2,445,579</b>
Leave Cost	256,633	251,580
<b>Total</b>	<b>3,021,605</b>	<b>2,697,159</b>

No trustee received any remuneration for their services in 2019 (nil in 2018).

Number of employees who earned more than £60,000 during the period:

£60,000- £69,999	-	-
£70,000- £79,999	1	2
£80,000- £89,999	-	-
£90,000- £99,999	1	1
£110,000- £119,999	1	-
	<b>£</b>	<b>£</b>
<b>Key Management Personnel Remuneration</b>	<b>417,628</b>	<b>357,437</b>

In addition to the amounts disclosed above Afghanistanid have incurred costs of £84, 814 (2018: £65,009) for security costs related to the service of the Key Management Personnel.

Key management personnel costs include salaries as well as all associated benefits such as paid absences, medical and life insurance, rest and relaxation allowances, and pension contributions for the following key management positions:

- Managing Director
- Operations Director
- Programme Implementation & Quality Director
- Programme Development & Resource Mobilisation Director
- Consortium Manager

**Staff Numbers**

Staff numbers indicate the average head count during the reporting period.

<b>United Kingdom</b>	<b>No.</b>	<b>No.</b>
- National Staff	5	5
<b>Afghanistan</b>		
- International Staff	8	9
- National Staff	384	356
<b>Total</b>	<b>397</b>	<b>370</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 8: TAXATION**

As a charity, Afghanaid is exempt from tax on income and gains under sections 466 to 493 of the Corporation Tax Act 2010, to the extent that all income is applied for charitable purposes. No tax charges have arisen in the charity in the current or prior year.

**NOTE 9: INTANGIBLE FIXED ASSETS**

	Software £
<b>Cost</b>	
At 01 January 2019	<b>81,657</b>
Additions in the year	-
Disposals in the year	-
Forex Movement During the year	(5,425)
<b>At 31 December 2019</b>	<b>76,232</b>
<b>Amortisation</b>	
At 01 January 2019	<b>53,506</b>
Charge for the year	13,057
Disposals in the year	-
Forex Movement During the year	(3,555)
<b>At 31 December 2019</b>	<b>63,008</b>
<b>Net Book Value</b>	
At 31 December 2019	<b>13,225</b>
At 31 December 2018	28,151

**NOTE 10: TANGIBLE FIXED ASSETS**

	Motor Vehicles £	Office Equipment £	Total £
<b>Cost</b>			
At 01 January 2019	435,304	165,070	600,374
Additions in the year	92,796	7,720	100,516
Forex Movement During the year	(28,919)	(10,967)	(39,886)
<b>At 31 December 2019</b>	<b>499,181</b>	<b>161,823</b>	<b>661,004</b>
<b>Depreciation</b>			
At 01 January 2019	435,304	150,497	585,801
Charge for the year	13,404	6,689	20,093
Forex Movement During the year	(28,919)	(9,999)	(38,918)
<b>At 31 December 2019</b>	<b>419,789</b>	<b>147,187</b>	<b>566,976</b>
<b>Net Book Value</b>			
<b>At 31 December 2019</b>	<b>79,392</b>	<b>14,636</b>	<b>94,028</b>
At 31 December 2018	-	14,573	14,573

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 11: DEBTORS**

	2019	2018
	£	£
Prepayments	54,843	49,238
Grants receivable	520,653	746,431
Accrued income	1,116,973	1,263,356
Other debtors	16,025	27,326
<b>Total Debtors</b>	<b>1,708,494</b>	<b>2,086,351</b>

**NOTE 12: CASH & CASH EQUIVALENTS**

	2019	2018
	£	£
Cash at bank	6,171,214	5,217,481
Cash in hand	9,627	9,003
<b>Total Cash &amp; Cash Equivalents</b>	<b>6,180,841</b>	<b>5,226,484</b>

**NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	837,582	430,404
Deferred income (Note 13.1)	3,260,388	4,959,490
Grants payable	1,766,721	298,839
Accruals	546,441	350,882
Taxation and social security	82,308	62,058
Other creditors	190,216	368,486
<b>Total Creditors</b>	<b>6,683,656</b>	<b>6,470,159</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 13.1: DEFERRED INCOME**

<b>Award Name</b>	<b>Balance at 01 January 2019</b>	<b>Receipts</b>	<b>Released to SOFA</b>	<b>Balance at 31 December 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Families' Livelihoods & Integration Project	113,986	505,078	619,064	-
Boost Alternative Development Intervention	43,689	675,101	718,790	-
BBC Charity Appeals	33,734	1,207	34,941	-
Rangeland Management Project	264,927	809,472	992,776	81,623
Women's Rights Educational Films	5,470	24,190	29,660	-
Citizens' Charter Afghanistan - Package 1	4,657	(1,557)	3,100	-
Promoting Gender Equality Women's Rights Project	157,610	244,366	220,947	181,029
Animal Health Care (Brooke) Project	52,936	112,643	165,579	-
Community Based Eco-DRR (CBED) Project	4,185,506	3,217,720	4,622,446	2,780,780
Hubert de Pelet (FEM Match Fund)	10,000	406	10,270	136
Cash Assistance to IDPs Project	86,975	74,785	161,760	-
Women's Entrepreneurship in Lal (WEL)	-	48,489	47,404	1,085
Provision of Winterization Support to IDPS	-	182,832	92,928	89,904
Improving Agricultural Resilience	-	125,831	-	125,831
	-			
<b>Total Deferred Income</b>	<b>4,959,490</b>	<b>6,020,563</b>	<b>7,719,665</b>	<b>3,260,388</b>

**NOTE 14: OPERATING LEASE COMMITMENTS**

Afghanaid has total commitments under non-cancellable operating leases as follows

	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
<b>Land and Buildings</b>	<b>£</b>	<b>£</b>
Within one year	25,237	21,679
Two to five years	98,407	86,923
<b>Other assets</b>		
Within one year	2,631	2,365
Two to five years	4,404	3,860
<b>Total Operating Lease Commitments</b>	<b>130,679</b>	<b>114,827</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2019)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2019
	£	£	£
Total fixed assets	-	107,253	107,253
Current assets	150,000	7,739,335	7,889,335
Current liabilities	-	(6,683,656)	(6,683,656)
<b>Net assets at 31 December 2019</b>	<b>150,000</b>	<b>1,162,932</b>	<b>1,312,932</b>

NOTE 15.1: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2018)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2018
	£	£	£
Tangible fixed assets	-	42,724	42,724
Current assets	100,000	7,212,835	7,312,835
Current liabilities	-	(6,470,159)	(6,470,159)
<b>Net assets at 31 December 2018</b>	<b>100,000</b>	<b>785,400</b>	<b>885,400</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 16: FUNDS MOVEMENT (2019)

	At 1 January 2019	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2019
	£	£	£	£	£	£
Endowment Funds:	100,000	50,000	-	-	-	150,000
Total Restricted Funds	-	10,312,541	10,312,541	-	-	-
Total Unrestricted Funds	785,400	1,638,965	1,361,129	99,696	-	1,162,932
<b>Total Fund</b>	<b>885,400</b>	<b>12,001,506</b>	<b>11,673,670</b>	<b>99,696</b>	<b>-</b>	<b>1,312,932</b>

NOTE 16.1: FUNDS MOVEMENT (2018)

	At 1 January 2018	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2018
	£	£	£	£	£	£
Expendable Endowment Funds	100,000	-	-	-	-	100,000
Total Restricted Funds	-	7,364,750	7,369,740	4,990	-	-
Total Unrestricted Funds	586,348	1,585,965	1,538,866	151,953	-	785,400
<b>Total Funds</b>	<b>686,348</b>	<b>8,950,715</b>	<b>8,908,606</b>	<b>156,943</b>	<b>-</b>	<b>885,400</b>

NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 17: FUND CLASSIFICATIONS**

**a) Expendable Endowment Funds**

Expendable endowment funds are held for the purpose specified by the donor. The balance of expendable endowment funds is maintained to provide working capital for the charity.

**b) Restricted Funds**

Restricted funds are unspent balances on donations and grants for which the donor has specified a purpose.

**c) Unrestricted Funds**

Afghanaid trustees conduct a regular review of organisational reserves to assess if the levels are adequate to meet current cash flow and organisational sustainability requirements. The trustees are satisfied with the steady growth in reserves. In order to be more financially resilient, the trustees consider reserves of £1.2 million as adequate given the medium-term financial outlook of the charity.

The total of unrestricted reserves is made up as follows:

**General reserve:** an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short term cash flow needs and potential co-financing requirements. At the end of 2018 this reserve was £742k and was increased to £1,056k at the end of 2019.

**Fixed asset reserve:** an amount to cover funds invested in tangible and intangible fixed assets totalling £107k at the end of 2019 (£43K at end of 2018).

**NOTE 18: TRANSFERS BETWEEN FUNDS**

No funds have been transferred from restricted to unrestricted funds. (nil 2018).

**NOTE 19: RELATED PARTIES**

There were no related party transactions in 2019 (nil 2018).



*In the remote highland areas where Afghanaid does much of its work, during the winter, snow blankets the landscape and inhibits movement and activity for three to four months.*

END