

# **Afghanaid**



**Annual Report 2018**

# **Afghanaid**

Company No. 3034888

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

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

## TABLE OF CONTENTS

REFERENCE AND ADMINISTRATIVE INFORMATION	3
STATEMENT FROM THE MANAGING DIRECTOR	4
REPORT OF THE TRUSTEES	5
• Governance and Management	5
• Appointment of Trustees	5
• Policies and Procedures on Training Trustees	5
• Organisational Decision-Making	5
• Pay and Remuneration	5
• Public Benefit	5
• Safeguarding	6
• Grant Making and Subcontracting Arrangements	6
• Fundraising	6
• History	6
• Present Day	7
• Programmes	7
• Basic Services	7
• Livelihoods	9
• Disaster Risk Reduction and Emergency Assistance	10
• Gender Rights and Good Governance	13
• 2019 Programme Plans	14
• Afghanaid People	15
• Our Donors and Supporters	16
• Communications	17
• Financial Review	18
• Reserves	18
• Going Concern	18
• Key Risks and Uncertainties	19
• Statement of Trustees' Responsibilities	20
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFGHANAID	21
• Statement of Financial Activities	24
• Balance Sheet	25
• Statement of Cash Flows	26
• Notes to the Financial Statements	27

## 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		
	Mr Stephen Turner	Member (Resigned on 26 July 2018)		
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



The people of Afghanistan have been in crisis for far too long and in 2018 the situation deteriorated further. The Government lost control of still more territory to armed opposition groups, and conflicts among armed opposition groups themselves resulted in even more instability and more families being uprooted. In this challenging environment, criminality, banditry, drug trafficking and corruption flourished, making life ever harder for ordinary people doing their level best to earn an honest income and take care of their families. Moreover, the minimal snowfall through the 2017-2018 winter and the lower than normal spring rains pushed the dry spell that had persisted for the past several years into the worst drought in decades; at its worst, the total number of Afghans considered *severely food insecure* surpassed 13.5 million, and over a quarter of a million people were forced to flee their homes in search of food and water.

I am proud that in response to the drought, our field teams were able to deliver more life-saving emergency relief, to both people and livestock, than ever before. This was especially gratifying during a year when we also launched several new, multi-year projects that will greatly contribute to families' resilience to disasters and shocks and enable them to recover more quickly. In partnership with The Liaison Office (TLO), with funding from the Swiss Agency for Development and Cooperation (SDC), and complementary funding from Brooke, we embarked on a new project to protect rangelands, enhance the livelihoods of rural people and improve the lives of working animals in six districts of Daykundi province. Along with our Afghanistan Resilience Consortium partners, and with funding from Swedish International Development Agency (SIDA), we launched a project in six provinces, to demonstrate how the risks of natural disasters can be better managed through a watershed, eco-disaster risk reduction approach. Meanwhile, building upon our extensive experience, with funding from the UK Department for International Development (DFID) and the Norwegian Agency for Development Cooperation (NORAD), we rolled out a large four-year project to support women's economic empowerment. Complementary, multi-year development contracts and short-term emergency grants such as those rolled out this past year will shape and influence Afghanaid's programmes for years to come.

Also this past year, I was pleased to see our small London team successfully navigate the introduction of the General Data Protection Regulation (GDPR) that so heavily affected many charities. I was delighted to see how the renewed efforts of our communication team in social media, coupled with continued development of our website, meant that GDPR had little impact on our ability to communicate with and fundraise from our UK and global supporters. Our team also ran a very successful BBC Radio 4 Appeal.

Meanwhile, our operations and administration teams successfully relocated our offices in London, Kabul and Jalalabad and established a new office in Daykundi province. Also, cognisant of the safeguarding scandal that beset British charities at the start of the year, Afghanaid's Board of Trustees and Executive Team undertook a full review of our safeguarding policies, as well as our procedures for orienting personnel and handling whistleblowing. We found it necessary to update and align some policies, but all in all we believe that Afghanaid is well run and in good order.

In 2019 our priorities will be to continue to strengthen our security and safeguarding across the board, work with key donors to renew expiring contracts and improve payment terms, attract new unrestricted funds and working capital, and whilst maintaining quality, to speed up our recruitment and on-boarding processes so that we can roll out new initiatives more effectively.

## **REPORT OF THE TRUSTEES**

The Trustees present their report and audited financial statements for the year ended 31 December 2018.

The reference and administrative information set out on page 3 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), and the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

## **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 bi-annually 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. Moreover, the Managing Director liaises bi-weekly with the Chair of the Board of Trustees 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 may be contracted to do the work.

All related party transactions are disclosed under Note 7 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.

Afghanistan 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 one complaint from a former supporter in 2018, whose request that we not contact her in the future had been processed with a slight delay, resulting in her being contacted one more time, which led her to raise a complaint. Once notified of this error, Afghanaid immediately removed her details from its contact lists.

## **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 year, Afghanaid marked its 35<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 2018, Afghanaid employed 397 staff, 96% of whom were Afghans.

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

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

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

**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 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 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.

## PROGRAMMES

### Basic Services

Many communities across Afghanistan lack basic services such as electricity, clean water, sanitation and access roads. Particularly in isolated rural regions, few are able to access the healthcare, education and markets they need to live healthy lives and lift themselves out of poverty. As the country is increasingly swept by natural disasters and extreme weather events as a result of climate change, the needs of these communities become



ever more pressing. Afghanaid helps to provide some of the most marginalised people in Afghanistan with basic services and empowers communities to advocate for their needs.

At the heart of Afghanaid'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 priorities. In 2018, we continued to facilitate the formation and training of 1,427 village-level Community Development Councils (CDCs) across three provinces, to help them identify challenges affecting the whole community, develop plans and manage development investments to address their needs. As a result of Afghanaid's work, in 2018, poor, rural communities have been able to bring basic infrastructure, facilities and services to more than 47,000 households in their villages.



*Kaji-e-Mazar residents repair their access road in accordance with the action plan devised by their CDC.*

### **Community Development in Haji Habibullah**

The village of Haji Habibullah, in Karukh District of Herat, is one of the communities in which Afghanaid has established a CDC to oversee all aspects of the village's development. The council has worked to boost school attendance, and an education subcommittee was created to improve local school services. The CDC also started a garbage collection initiative, and connected very poor households with wealthy families and organisations able to provide them with assistance.

One of the CDC's most notable projects has been the construction of a drinking water supply network. Using solar technology, drinking water is pumped from a deep well and then distributed to all 311 households of the village. The well was drilled and the pipe system installed with labour recruited from the poorest households in the village, providing them with an opportunity for work and to earn an income.





*CDC members of Haji Habibullah village hold a meeting.*

### **Livelihoods**

Animal husbandry and small-scale crop cultivation is the sole source of income for the vast majority of Afghans, in particular those living in poor, rural communities. As education is inaccessible in vast parts of the country, and climate change poses growing challenges for traditional agriculture, many struggle to adapt and maintain their livelihoods. In order to build peaceful and thriving communities, Afghanistan works hard to improve and diversify livelihoods and make them more sustainable.

Over the course of 2018, we supported communities by boosting their agriculture and livestock productivity, providing vocational training and supporting the establishment of small businesses. With the support of the British Department for International Development (DFID) and the German Government, we helped families in mine-affected villages increase their income through the cultivation of improved and alternative crop varieties. Participating wheat farmers, for instance, saw a 35% increase in their yields with the improved wheat seed they received from Afghanistan. We also provided women in these communities with pullets and the supplies they needed to start poultry farming. As a result of the project, participating families were able to diversify their diet and sustainably strengthen their financial position.

Afghanistan also implemented small infrastructure projects to boost local agricultural production. For example, with funds generously provided by DFID, Afghanistan constructed two irrigation canals in the north of the country. The canals irrigate 276.4 hectares (that is 2,764,000 square meters) of land and provide water for 244 families' livestock.

Capacity building is another essential aspect of improving livelihoods. In 2018, we trained 8,636 families in farming communities across five provinces in the north, east and north-east of the country in agricultural techniques, livestock rearing, land preparation, pest and disease management and other essential skills. We also delivered vocational training in areas such as dairy processing and linked small producers to markets. In addition, our

beneficiaries completed literacy courses and received training in financial management and enterprise development, further empowering them to start and run small businesses.

Afghanistan is known as the world's largest producer of illicit opium, which is refined to produce heroin and other opioids. Our livelihoods programmes help communities transition to the cultivation of sustainable licit crops. With funding provided by the United Nations Office on Drugs and Crime (UNODC), Afghanaid provided improved wheat seed, seed potatoes, beans, fertiliser, and training, as well as value chain and market linkage support to 1,442 farming families in northeast Afghanistan. This assistance helps reduce hunger, brings greater variety to the families' diets and encourages them to replace poppy cultivation with other crops.

Our projects aim to empower the poorest, most vulnerable groups in the country, including families forcibly uprooted by years of conflict, especially women and minorities. In two eastern provinces, close to the border with Pakistan, we continued to combine livelihoods improvement support with assistance to aid families to integrate, supporting internally displaced and returnee families to start new lives in their host communities. In addition to providing livelihoods support, we organised community dialogues for 2,007 families to identify and assuage tensions between displaced persons, returnees and members of their host communities. Meanwhile, in the central highland province of Ghor and the northern province of Samangan, we launched a new project with funding from DFID to work with 10,500 women and their family members, to help them undertake income-generation activities and exercise greater power over their lives and the wellbeing of their families.

### **Hafizurrahman's Story**

Hafizurrahman (41) lives in the village of Sadat in Badakhshan Province with his wife and six children. While Hafizurrahman is a teacher in a public school, his monthly wage, which equates to £67, is insufficient to meet the basic needs of his family. Desperate for money, he started to grow poppy on two hectares of land. "I knew that cultivating poppy was illegal and I was afraid of doing it," he recalls, "but there were no other options. I could not afford seeds for other crops such as potatoes, beans or wheat, nor could I pay for fertiliser." Poppy, in contrast, is very cheap to cultivate, and farmers are able to get the seeds from other poppy farmers for free.

When Afghanaid came to Hafizurrahman's village, they selected his land to build a demonstration plot for beans. Afghanaid provided him with bean seeds and fertiliser. He sold a large part of the yield, which provided a significant boost to his family's income. He was very happy with the results and decided to cultivate beans on all of his land next year, as it proved to be more profitable to him than poppy. "I am very grateful to Afghanaid for helping me to establish a livelihood I can be proud of for my family. I hope NGOs continue to support Afghan communities, so that one day all farmers stop poppy cultivation and turn to licit alternatives."



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

Due to climate change and increasing instances of floods and droughts, as well as widespread conflict and insecurity, in vast parts of Afghanistan, millions of people are trapped in a severe and complex humanitarian crisis, keeping families in extreme poverty and often forcing them to seek sanctuary and assistance in other parts of the country or beyond. In 2018, two thirds of the country was struck by the worst drought of the century, robbing large numbers of people of their livelihoods and uprooting families from their homes and communities. Afghanaid responded by providing emergency assistance to affected families and implemented projects to make communities more resilient to these disasters.

We distributed urgent food assistance to 11,700 drought-affected households (81,900 individuals). The food packages provided families with food for approximately three months, reducing hunger and malnutrition during



the harsh winter in the central highlands of the country. We also provided assistance to help nursing mothers and their new-borns fare better. As a means of coping during times of drought, farming families often kill surviving livestock for food or sell them at significantly reduced prices, which dramatically reduces the resources at their disposal to recover from crisis. Afghanaid assisted 8,125 drought-stricken smallholder livestock farming families by providing concentrated feed, forage seeds and deworming medicine to support their livestock. To further bolster the families' resilience, Afghanaid also trained them in modern animal husbandry techniques. For 2,000 drought-affected families without livestock, we also provided drought-resistant wheat seed, vegetable seed and fertiliser. This emergency assistance provided farmers with essential support to maintain their food security and livelihoods throughout the worst of the drought and prepare them for the recovery phase.

As temperatures dropped and heavy snowfall swept the country, the needs of families displaced by the drought, especially the elderly and the very young, many of whom were living in tents, became even more pressing. Afghanaid provided winterisation packages to 1,315 internally displaced households (9,205 individuals). These packages included sufficient firewood, stoves, pots, pans, cooking utensils and blankets. Additionally, Afghanaid provided another 1,180 IDP households (7,900 individuals) with cash to purchase winter supplies and to rent accommodation. The assistance protected displaced families from the freezing cold, reduced the occurrence of negative coping mechanisms such as early marriage and child labour, prevented further displacement and saved lives.

### **Khan Muhammad and Shamayel's Story**

Khan Muhammad (75) is the head of his family of seven. After his son was imprisoned, he was left to support his daughter-in-law Shamayel and her four children. Physically frail and deaf, Khan Muhammad was unable to find work in their home district, Charsada in Ghor Province. When drought hit the country, Charsada was particularly affected, as Shamayel recalls: "There was no work, and provision of humanitarian assistance by NGOs was very problematic because of the conflict in our area. Our family was struggling and the situation forced us to leave our home and move to the provincial capital, where we hoped we could find help."



*Khan Muhammad, Shamayel and her children.*

After moving to Feroz Koh in search of relief, Khan Muhammad and his family continued to struggle. "Before we received assistance from Afghanaid, we were still experiencing a lot of difficulties," Shamayel recounts. "We were staying in temporary shelter, and we had no food or fuel. We did not have sufficient winter clothing or blankets and we even had to pay for drinking water. When we first moved here, we went for days with no food at a time

and resorted to begging for some food for my children. Then, thankfully, Afghanaid found us and provided us with the support we needed to get us through the winter months.”

Khan Muhammad’s family received the equivalent of £76 for supplies and £170 to pay rent for shelter. Thanks to this support, Khan Muhammad and his family were able to get back on their feet. “We spent the money they gave us on food, firewood, winter clothing, rent for a house and repaying loans we had borrowed to survive. We are very thankful to Afghanaid for helping use when we needed it most.”

Once the harsh winter is over, until they can return home, Khan Muhammad and Shamayel are planning to find work as day labourers to support the needs of their family.

During 2018 Afghanaid continued to lead the five-agency Afghanistan Resilience Consortium (ARC) which collectively assisted hundreds of villages across nine provinces to reduce the risk of natural disasters, equip them to better respond to emergencies and enhance their resilience to recover after disaster has struck. We trained communities in disaster risk reduction and climate change adaptation, and we also increased people’s awareness about natural hazards prevalent in their regions.

Collectively the ARC built mitigation structures in 183 villages, including the construction of flood prevention structures with a combined length of 2,800 metres and a boulder wall protecting 1,200 households and 267 hectares of agricultural land. To reduce soil erosion and mitigate the risks of flash flooding, while also enhancing livelihoods, we planted over 400,000 fruit and non-fruit trees.

Meanwhile, so communities are better prepared to respond when disasters strike, we helped communities establish early warning systems and emergency response teams.



*A village disaster management committee maps the hazards affecting their community.*



## **Gender Rights and Good Governance**

While Afghan women have made great strides towards securing more rights since the fall of the Taliban regime, Afghanistan remains an incredibly challenging place for women. What is more, ongoing peace talks between the US Government and the Taliban have called the sustainability of these gains into question. In 2018 Afghanaid continued to provide strong support for women by working together with youth associations and religious leaders in local communities to organise conferences, workshops and campaigns to raise awareness, as well as by spreading positive messages on women's rights among communities through theatre shows, radio programmes and other media. Working closely with local religious leaders, Afghanaid pays particular attention to promoting women's rights through an Islamic lens, so that messages on, for example, education, health and employment rights, forced or early marriage and reproductive rights, as well as economic and property rights are addressed in ways that are consistent with Islamic teachings.

As result of Afghanaid's work during the year, over 400 girls were allowed to return to school and numerous cases of domestic violence against women were resolved through the intervention of religious leaders. In several areas where we work, women's participation and representation in local government increased, and in one of Kabul's most conservative districts, three women were recruited to work in the district governor and municipality offices for the first time.

We also continued to advocate on behalf of other marginalised groups and supported the Ministry of Refugees and Repatriations to develop a training curriculum for municipality workers and community members on the reception and integration of refugees, returnees and internally displaced persons.

### **Ahmad's Story**

Ahmad Balkhi (26) is originally from Balkh Province, but grew up in Pakistan as a refugee. When he returned to Afghanistan, he was selected as the mullah of a mosque in Kabul that is attended by around 1,000 families. He now lives in the community with his wife and daughter.

Having had a conservative upbringing, he was initially not a proponent for women's education. This changed when he met the manager of Afghanaid's women's rights projects. Impressed with her extensive knowledge of Islam and her outspoken support for women's rights, he agreed to take part in the project. He took part in several Afghanaid-organised conferences for religious leaders and started studying Islamic teachings on women's rights. "As I started to educate myself more on the issue and took part in Afghanaid's project, I realised that what I was taught is wrong," he recalls. "What the Holy Quran and Prophet Muhammad (PBUH) say is different from what I was taught."

Now, Ahmad regularly addresses the subject of women's rights during the Friday prayers at his mosque to dispel the idea that Islam is incompatible with women's rights. "Islam gives various rights to women, and women should be able to get an education, access healthcare, work, and be involved in politics." He illustrates his points with examples from the lives of Islamic women such as Bibi Aisha and Bibi Fatima. People's reactions to Ahmad's speeches have mostly been positive, and he has observed changes in the community's attitudes towards the rights of women. Forced marriages and child marriages no longer occur in the area, and more families are willing to send their daughters to school. Ahmad applauds Afghanaid's work with religious leaders, as they are highly influential and reach a large audience through their mosques.

As for Ahmad himself, he would love for his own daughter to get a good education and he hopes she becomes a renowned doctor.



*Ahmad Balkhi attending a conference for religious leaders.*

## **2019 Programme Plans**

### ***Basic Services***

Next year, we will continue to implement the Citizens' Charter. The CCNPP field staff now have extensive experience and a thorough understanding of the project and are ready to complete the mobilisation of the remaining CDCs and hold elections for the councils' officers. The project team will also complete community profiles, community development plans and wellbeing analyses for the remaining CDCs. In addition, we will establish over 350 CDCs subcommittees and nearly 900 community grain banks.

### ***Livelihoods***

We will also continue to provide vital support for the livelihoods of communities across the country. We will boost the livelihoods of more than 78,000 farmers (almost 40% of whom are women) by providing agricultural and livestock assistance, as well as technical training on poultry rearing, orchard management, vegetable and dairy processing, alongside business development. We will also organise literacy courses and vocational training, particularly for women, to further their empowerment and enable them to lift themselves out of poverty.

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

Afghanaid will continue to support those affected by drought and conflict, especially those who have been displaced, to get through the cold winter and to recover. In the Spring, as the snow melts and heavy seasonal rains cause floods that wreak havoc, typically across northern and central provinces, Afghanaid will respond by providing lifesaving assistance to disaster-affected communities; distributing emergency cash, food, materials and shelter as needed; and subsequently by providing assistance to reconstruct homes or by supplying affected families with seeds, fertiliser and feed for their livestock to help them recover from disaster. We will also support families to boost their livelihoods and become more resilient to disasters, for instance by training them in climate-

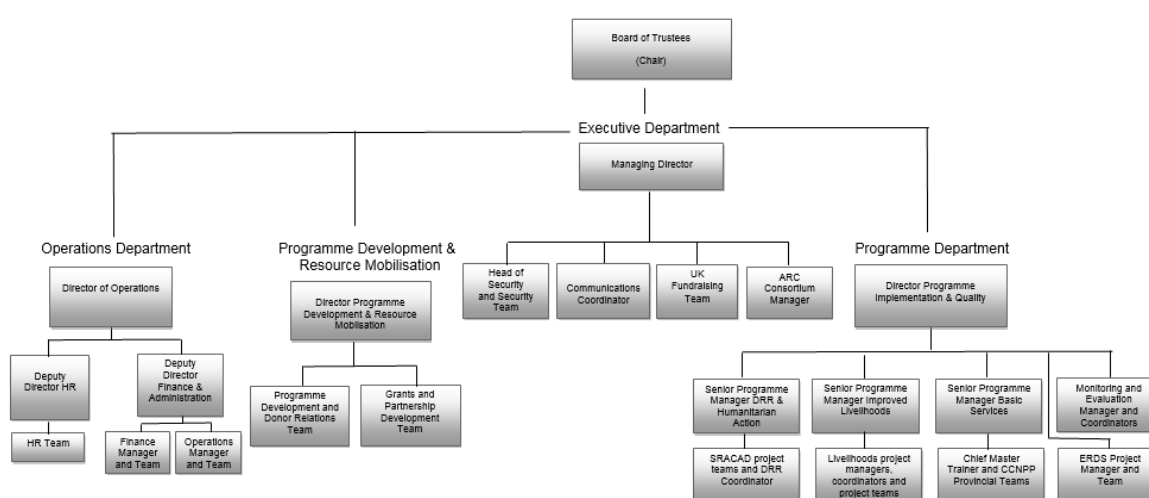
smart agricultural techniques such as land preparation and livestock rearing. Of particular importance in this area will be the growth of our natural resource management and eco-disaster risk reduction work.

### *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. During 2019 we will complete the production of five short videos that present women's rights through an Islamic lens and we anticipate using these in most of our projects to lay the foundation of gender rights as a cross-cutting issue across all of our work.

### **AFGHANAID PEOPLE**

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



In 2018, a total of 145 staff were recruited and deployed to new projects. At the end of December 2018 we had a staff complement of 397, including 8 international personnel based in Afghanistan and 6 in London. Of this total number, 38% were women. The turnover rate was 2.07%, which was the same as in 2017.

A total of 297 staff received training in subjects such as gender mainstreaming, conflict management, emergency response, climate change adaptation, sustainable livelihoods, reintegration, institution building, monitoring and evaluation. Two members of staff went on an exposure visit to Uganda to gain practical experience on the local integration of IDPs and refugees. A further 220 staff received a four-day orientation session on Afghanaid's policies to promote compliance and safeguarding.

During the year, four staff continued their higher education with a financial contribution from Afghanaid. Two of these staff were awarded master's degrees.



## OUR DONORS AND SUPPORTERS

Afghanaid is able to serve the survival and development needs of some of the most vulnerable and marginalised communities in Afghanistan thanks to the generous support of our donors and supporters. We would like to recognise and thank them here.

In 2018, Afghanaid received funding from:

- UK Department for International Development
- UK Foreign and Commonwealth Office
- US Department of State Bureau for Population, Refugees, and Migration
- Food and Agriculture Organization
- European Commission
- The HALO Trust
- Ministry of Rural Rehabilitation and Development of the Islamic Republic of Afghanistan
- Norwegian Refugee Council
- Norwegian Agency for Development Cooperation
- Oxfam
- Swedish International Development Cooperation Agency
- Swiss Agency for Development and Cooperation
- United Nations Office for the Coordination of Humanitarian Affairs
- United Nations Office on Drugs and Crime
- United Nations World Food Programme
- University of London School of Oriental and African Studies

Afghanaid also received generous support from a number of trusts and foundations in the UK:

- Ajahma Charitable Trust
- Andre Bernheim Charitable Trust
- Brewster Maude Charitable Trust
- The Broadley Charitable Trust
- Brooke
- The Collisson Charitable Trust
- The Eddie Dinshaw Foundation
- The Garth Doubleday Trust
- Roger Stirk Charitable Trust
- Myrtle Charitable Trust.
- Zyba Charitable Trust

We would like to express our sincerest thanks to all of our individual donors - particularly Hubert de Pelet, Michael Maude, Jo Nicholson, Chris Brewer, Angela Morrison, Kalpna Saksena, Sir Nicholas Barrington, James Sinclair-Taylor, Lesley Scoular, Iqbal Malik, Helen Stone, and Joanna Lumley - whose continued support enables us to reach people in some of the most underserved regions of the country and create a brighter future for the people of Afghanistan. We would also like to thank Felicity Finch and everyone else that supported and kindly donated to our very successful BBC Radio 4 Appeal.

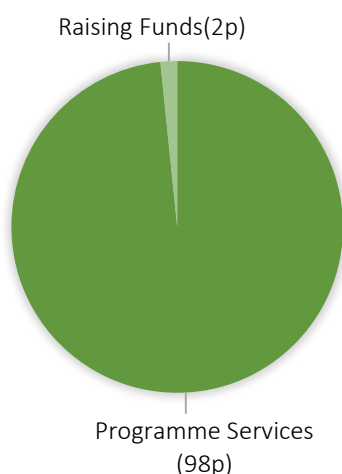
Afghanaid would like to thank and congratulate everyone who participated in the London Marathon and other challenge events to raise money for Afghanaid this past year: Rosa Escoda, Becca Jenkins, Ben Heath, David Furze, Derek Wilkins, Tanya Saunders, Alvaro Trujillo, John Lee, Gabriella Magiera, Jimmy Hyland, Robert Johnson, Charlie Newman, Ben Wigley, Alison Watt-Cooper and Mo Altamash.

Afghanaid is also highly appreciative of the great support we have received from supporters who have organised and attended a variety of community and student events in 2018. We would like to express a special thanks to The Adstockistan Orchard, The Adstock Singers, Harriet Sandys and University of Hertfordshire Afghan Society.

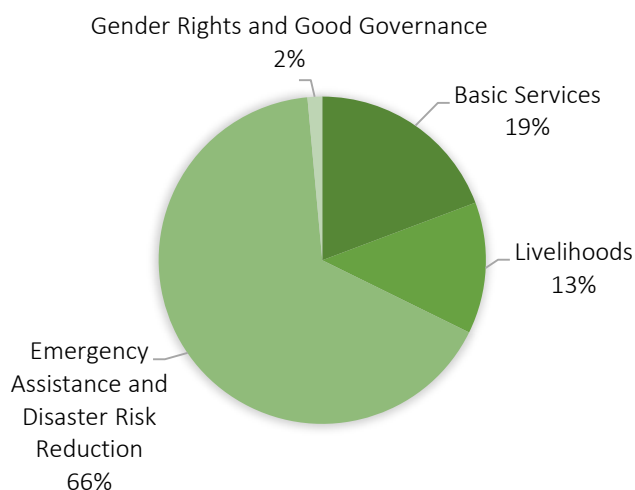
Accountability is a core value that runs throughout our entire organisation. Every penny our donors and supporters give to Afghanaid is vital to achieving our goal of a peaceful and thriving Afghanistan. We always put

our beneficiaries first and we will use our money where the need is greatest. The below charts show a breakdown of our expenditure in 2018.

*How we spent the money*



*Expenditure by programme area*



## COMMUNICATIONS

The past year saw the first anniversary of our drive towards a stronger online presence, both in terms of our public communications and our private fundraising. We utilised Instagram and Facebook to engage existing and attract new supporters, and we encouraged them to connect through our new website, where we aimed to provide a more informed and richer experience.

Accompanying these efforts, we strengthened the linkages between our programme teams across Afghanistan and our London-based communications team, and supported both with training. Communications personnel visited the field on several occasions to document the changes Afghanaid is bringing to people's lives, and we enlisted the support of professional photographers and videographers to better tell our stories.

As a result of these initiatives, throughout the year we saw a steady increase in our number of followers on social media, a commensurate increase in the volume of visitors to our website and a click-through rate of those visitors that is well above the industry average. The donations received online also rose steadily through the year.

In the early part of the year we prepared for the May launch of the General Data Protection Regulations (GDPR), the most important data privacy legislation in over 20 years, which required us to confirm contact information with everyone in our database and whether they wished for us to contact them in the future. This process resulted in a dramatic reduction in the number of supporters who we could contact, however, by the end of the year, largely through our attractive and engaging online approach, we had nearly doubled the number of supporters on our mailing list. Moreover, the online interaction of our supporters illustrated strong engagement, with our newsletter receiving an open rate of 47% and a click-through rate of 5%, both well above industry average.

Moving into 2019, we plan to segment and target our communications further, and develop more personalised experiences for our supporters. We will also trial Afghanaid's first online-only appeal and use this as a baseline against which to assess future online appeals.

## FINANCIAL REVIEW

The 2018 financial year saw a decrease in income from £9.6 million in 2017 to £9.0 million. This decrease should, however, be viewed against a backdrop of a number of important new awards which were won and commenced during 2018.

Afghanaid was awarded a multi-year ECO based disaster risk reduction contract by the Swedish Development Agency (SIDA) worth £10.2 million. Afghanaid is the lead partner in this project which has four consortium partners and is being implemented from November 2018 through till March 2020. Further funding was secured from the Swiss Agency for Development and Cooperation (SDC) for a Rangeland Management programme led by The Liaison Office (TLO), an Afghan National NGO. The value of the contract to Afghanaid is valued at US\$4.5 million and is being implemented from June 2018 till May 2022 in Daykundi province

UK DFID awarded Afghanaid a grant worth £3.7 million focusing on women's economic empowerment in Samangan and Ghor provinces. This project runs from April 2018 through till March 2022. The project is complemented by match funding secured from NORAD (£562k) running from July 2018 till May 2021. Additional match funding for this programme was received from the BBC Radio 4 Appeal totalling £34k. An extension of the Families and Livelihoods and Integration Project (FLIP) financed by BPRM was secured in September 2018 with additional funds of US\$635k to extend the project up to August 2019.

Other notable grants secured include the Foreign and Commonwealth Office (FCO) £40k for a Women's Education Rights Film Project to be completed in 2019, and £547k from the Brooke Animals Hospital for an animal health care project running from November 2018 to December 2021.

Afghanaid experienced cash flow pressure during the year due to working capital invested in the Citizen's Charter National Priority Program (CCNPP) contracts. Negotiations with World Bank and the Ministry of Rural Rehabilitation and Development (MRRD), the funders of the CCNPP projects, are at an advanced stage with more suitable milestones set to be authorised by a contract amendment. Afghanaid continues to manage all other projects from a cash neutral perspective to ensure that expenditure is tied to available funds ring-fenced as deferred income.

### Reserves

At 31 December 2018 Afghanaid had total reserves of £885k, made up of an expendable endowment fund of £100k and £785k unrestricted reserves. This is an increase from the unrestricted funds of £586k as at 31 December 2017. The Trustees review the reserves policy annually and have decided that the level of unrestricted reserves is appropriate given the uncertainties and risks to which the organisation is subject.

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 2017 this reserve was £516k and was increased to £742k at the end of 2018.

**Fixed asset reserve:** an amount to cover funds invested in tangible and intangible fixed assets totaling £43k at the end of 2018 (£70k at end of 2017).

### 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 multi-year awards from a range of donors have been agreed in the 2019 financial year.
- Existence of a strong pipeline of potential new funding and continued emphasis on building upon this, recognising that lead times for new sources of funding can be lengthy
- Revised payment milestones for the CCNPP contracts are at an advanced stage of agreement with the MRRD and World Bank
- 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 risks.

- **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.

An external security review was conducted in October and November 2018 and this resulted in the development of a new security plan. This is now being implemented. The 2019 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, and Britain's exit from the European Union have created some uncertainty around funding commitments for Afghanistan beyond the 2018 financial year. However, Afghanaid continues to build key donor and implementing partner relationships to position itself for future funding opportunities.
- **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 the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

Approved by the trustees on 7 August 2019 and signed on their behalf by:



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 2018 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 2018 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 20, 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 17 SEPTEMBER 2019



STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2018 Total Funds	2017 Total Funds
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donation and Legacies		74,350	-	-	74,350	69,056
Grants & Contracts	4	1,396,857	7,364,750	-	8,761,607	9,460,863
Other trading activities		49,517	-	-	49,517	63,838
Investments		22,610	-	-	22,610	1,212
Other		42,631	-	-	42,631	4,546
<b>Total</b>		<b>1,585,965</b>	<b>7,364,750</b>	<b>-</b>	<b>8,950,715</b>	<b>9,599,515</b>
<b>Expenditure on:</b>						
Raising funds		145,082	-	-	145,082	145,561
Rural Rehabilitations & Emergencies		1,393,784	7,369,740	-	8,763,524	9,529,239
<b>Total</b>	5	<b>1,538,866</b>	<b>7,369,740</b>	<b>-</b>	<b>8,908,606</b>	<b>9,674,800</b>
<b>Net income/(expenditure)</b>		<b>47,099</b>	<b>(4,990)</b>	<b>-</b>	<b>42,109</b>	<b>(75,285)</b>
<b>Other recognised gains:</b>						
Gains on foreign exchange retranslation		151,953	4,990	-	156,943	166,405
<b>Net Movement in Funds</b>	16	<b>199,052</b>	<b>-</b>	<b>-</b>	<b>199,052</b>	<b>91,120</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		586,348	-	100,000	686,348	595,228
<b>Total funds carried forward</b>	16	<b>785,400</b>	<b>-</b>	<b>100,000</b>	<b>885,400</b>	<b>686,348</b>

The notes on pages 27 to 41 form a part of these financial statements.

COMPANY NUMBER: 3034888  
BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	As at 31 December 2018 £	As at 31 December 2017 £
<b>Fixed Assets:</b>			
Intangible assets	9	28,151	51,875
Tangible assets	10	14,573	18,395
<b>Total fixed assets</b>		<b>42,724</b>	<b>70,270</b>
<b>Current Assets:</b>			
Debtors	11	2,086,351	1,336,650
Cash at bank and in hand	12	5,226,484	1,169,615
<b>Total current assets</b>		<b>7,312,835</b>	<b>2,506,265</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	13	6,470,159	1,890,187
<b>Net Current Assets</b>		<b>842,676</b>	<b>616,078</b>
<b>Total Net Assets</b>		<b>885,400</b>	<b>686,348</b>
<b>The funds of the charity:</b>			
Endowment Fund		100,000	100,000
Unrestricted Funds		785,400	586,348
<b>Total charity funds</b>	16	<b>885,400</b>	<b>686,348</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

Approved by the trustees, and authorised for distribution, on 7 August 2019 and signed on their behalf by:



Christopher Kinder  
Chairman



Mary Mountain  
Treasurer

The notes on pages 27 to 41 form a part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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		Year ended 31 December 2018 £	Year ended 31 December 2017 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>3,884,654</b>	(1,298,687)
<b>Cash flows from investing activities:</b>			
Interest received		<b>22,610</b>	1,212
Purchase of tangible fixed assets		<b>(7,338)</b>	(32,189)
Net cash used by financing activities		<b>15,272</b>	(30,977)
Change in cash and cash equivalents during the reporting period		<b>3,899,926</b>	(1,329,664)
Cash and cash equivalents at the beginning of the reporting period		<b>1,169,615</b>	2,332,874
Change in cash and cash equivalents due to exchange rate movements		<b>156,943</b>	166,405
Cash and cash equivalents at the end of the reporting period		<b>5,226,484</b>	1,169,615

**Table A**

<b>Net income/(expenditure) for the reporting period:</b>	<b>42,109</b>	(75,285)
Adjustments for:		
Returns on investment	<b>(22,610)</b>	(1,212)
Depreciation and amortisation of fixed assets	<b>33,546</b>	25,879
Revaluation of tangible fixed assets	<b>1,338</b>	6,804
Increase in debtors	<b>(749,701)</b>	(1,093,847)
Increase/(Decrease) in creditors	<b>4,579,972</b>	(161,026)
Net cash flow from operating activities	<b>3,884,654</b>	(1,298,687)

The notes on pages 27 to 41 form a part of these financial statements.

#### 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, 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.

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

Factors which support this assumption include the following:

- Further multi-year awards from a range of donors have been agreed in the 2019 financial year.
- Existence of a strong pipeline of potential new funding and continued emphasis on building upon this, recognising that lead times for new sources of funding can be lengthy
- Revised payment milestones for the CCNPP contracts are at an advanced stage of agreement with the MRRD and World Bank
- 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 incoming resources 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: where related to specific conditions; are recognised as incoming resources 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 the incoming resource 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.

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.

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

**f) Expenditures**

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 £3,936 (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. The

**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. See note 17 for details.

**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 2018

NOTE 4: GRANTS & CONTRACTS FOR RURAL REHABILITATION & EMERGENCIES

	Unrestricted Funds	Restricted Funds	Year ended 31 December 2018	Unrestricted Funds	Restricted Funds	Year ended 31 December 2017
	£	£	£	£	£	£
<b>Government Grants &amp; Contracts (Note 4.1 &amp; 4.2 )</b>						
UK Department for International Development (UK DFID)	-	4,989,115	<b>4,989,115</b>	-	6,085,014	<b>6,085,014</b>
Government of the Islamic Republic of Afghanistan (GoIRA)	1,380,401	-	<b>1,380,401</b>	1,505,945	-	<b>1,505,945</b>
US Government	-	808,409	<b>808,409</b>	-	109,608	<b>109,608</b>
French Embassy	-	1,923	<b>1,923</b>	-	203,833	<b>203,833</b>
Norwegian Refugee Council (NRC)	-	398,040	<b>398,040</b>	-	162,569	<b>162,569</b>
HALO Trust	-	266,182	<b>266,182</b>	-	189,818	<b>189,818</b>
Sub total	1,380,401	6,463,669	<b>7,844,070</b>	1,505,945	6,750,842	<b>8,256,787</b>
<b>Multilateral Grants &amp; Contracts</b>						
European Commission	-	42,969	<b>42,969</b>	-	355,725	<b>355,725</b>
United Nations Office for Coordination of Humanitarian Affairs (UNOCHA)	-	-	-	-	574,667	<b>574,667</b>
United Nations Children's Emergency Fund (UNICEF)	-	23,426	<b>23,426</b>	-	40,736	<b>40,736</b>
United Nations Office on Drugs and Crime (UNODC)	-	332,917	<b>332,917</b>	-	79,895	<b>79,895</b>
Sub total	-	399,312	<b>399,312</b>	-	1,051,023	<b>1,051,023</b>
Trusts & Foundations Grants	-	-	-	-	17,834	<b>17,834</b>
Other Grants & Contracts	16,456	501,769	<b>518,225</b>	93,802	41,417	<b>135,219</b>
Sub total	16,456	501,769	<b>518,225</b>	93,802	59,251	<b>153,053</b>
<b>TOTAL</b>	<b>1,396,857</b>	<b>7,364,750</b>	<b>8,761,607</b>	<b>1,599,747</b>	<b>7,861,116</b>	<b>9,460,863</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

**NOTE 4.1: 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>	

**NOTE 4.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2017)** 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	6,085,014	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Grants and contracts for provision of basic services and agriculture value chain interventions	1,505,945	None
US Government	Grants for Building Women's Livelihoods and Reintegrating Refugees	109,608	None
French Embassy	Grants for livelihood programme activities	203,833	None
Norwegian Refugee Council (NRC)	Grants for livelihood programme activities	162,569	None
HALO Trust	Grants for livelihood programme activities	189,818	None
<b>TOTAL</b>		<b>8,256,787</b>	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5: RESOURCES EXPENDED (2018)

No.	Name	Raising funds £	Rural Rehabilitations & Emergencies £	2018 Total £	2017 Total £
1	Staff costs	86,515	2,516,690	<b>2,603,205</b>	<b>2,055,636</b>
2	Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	3,478,922	<b>3,478,922</b>	<b>4,731,423</b>
3	Direct costs	48,161	2,465,215	<b>2,513,376</b>	<b>2,601,523</b>
4	Support costs (note 5.3)	10,406	302,697	<b>313,103</b>	<b>286,218</b>
		<b>145,082</b>	<b>8,763,524</b>	<b>8,908,606</b>	<b>9,674,800</b>

NOTE 5.1: RESOURCES EXPENDED

	Grants to Institutions £	Support Costs £	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Basic Services	317,279	-	317,279	-
Improved Livelihoods	-	-	-	7,975
Emergencies Human Assistance and DRR	3,133,445	-	3,133,445	4,734,161
Common Costs, Cross-cutting Themes & Other Unallocated	28,198	313,103	341,301	275,505
<b>Total</b>	<b>3,478,922</b>	<b>313,103</b>	<b>3,792,025</b>	<b>5,017,641</b>

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Afghan Civil Society Forum- ACSFo	-	85,564
Afghan Education Production Organization- AEPO	28,198	87,462
Concern Worldwide - Afghanistan	1,013,533	1,106,366
Action Aid - Afghanistan	679,330	953,258
United Nations Environment Programme - UNEP	358,740	858,344
Save the Children - Afghanistan	1,081,842	1,074,265
Oxfam Novib	101,131	207,270
Coordination of Humanitarian Assistance-CHA	216,148	351,151
Other	-	7,743
	<b>3,478,922</b>	<b>4,731,423</b>

100% of grants are to institutions; no grants are paid to individuals (2017: £ nil).

**NOTE 5.3: ANALYSIS OF SUPPORT COSTS**

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31-Dec-18 Total £	Year ended 31-Dec-17 Total £
	£	£		
Staff costs	3,122	90,832	93,954	144,388
Governance	912	26,523	27,435	48,277
Administrative costs	6,372	185,342	191,714	93,553
<b>TOTAL</b>	<b>10,406</b>	<b>302,697</b>	<b>313,103</b>	<b>286,218</b>

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
- Amortisation and depreciation	33,546	25,879
- Trustees' travel expenses	2,182	3,711
- Auditors' remuneration:		
Afghanistan	5,122	4,850
United Kingdom	18,000	15,000
<b>Operating lease payments:</b>		
- Land and buildings	228,654	140,279
- Other assets	2,365	1,494

NOTE 7: STAFF COSTS

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
<b>Staff costs were as follows:</b>		
Gross salaries - Afghanistan	2,135,847	1,734,720
Gross salaries - UK	148,794	131,441
Social security costs	160,938	135,365
	<b>2,445,579</b>	<b>2,001,526</b>
Leave Cost	251,580	198,498
<b>Total</b>	<b>2,697,159</b>	<b>2,200,024</b>

No trustees received any remuneration for their services in 2018 (nil in 2017).

	£	£
Reimbursement travel expenses for 1 trustee in 2018 (2017: 3,711)	2,182	3,711

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

£60,000- £69,999	-	2
£70,000- £79,999	2	-
£80,000- £89,999	-	1
£90,000- £99,999	1	-

	£	£
<b>Key Management Personnel Remuneration</b>	<b>357,437</b>	<b>283,426</b>

In addition to the amounts disclosed above Afghanaid have incurred costs of £65,009 (2017: £36,037) for security costs related to the service of the Key Management Personnel. The 2017 higher paid employee bandings and key management personnel disclosures have been restated to remove these security related costs

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.

	No.	No.
<b>United Kingdom</b>		
- National Staff	5	4
<b>Afghanistan</b>		
- International Staff	9	8
- National Staff	356	248
<b>Total</b>	<b>370</b>	<b>261</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**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 2018	<b>83,240</b>
Additions in the year	-
Disposals in the year	-
Forex Movement During the year	(1,583)
<b>At 31 December 2018</b>	<b>81,657</b>
<b>Amortisation</b>	
At 01 January 2018	<b>31,365</b>
Charge for the year	22,737
Disposals in the year	-
Forex Movement During the year	(596)
<b>At 31 December 2018</b>	<b>53,506</b>
<b>Net Book Value</b>	
At 31 December 2018	<b>28,151</b>
At 31 December 2017	51,875

**NOTE 10: TANGIBLE FIXED ASSETS**

	Motor Vehicles £	Office Equipment £	Total £
<b>Cost</b>			
At 01 January 2018	455,983	160,791	616,774
Additions in the year	-	7,338	7,338
Forex Movement During the year	(20,679)	(3,059)	(23,738)
<b>At 31 December 2018</b>	<b>435,304</b>	<b>165,070</b>	<b>600,374</b>
<b>Depreciation</b>			
At 01 January 2018	453,358	145,021	598,379
Charge for the year	2,575	8,234	10,809
Forex Movement During the year	(20,629)	(2,758)	(23,387)
<b>At 31 December 2018</b>	<b>435,304</b>	<b>150,497</b>	<b>585,801</b>
<b>Net Book Value</b>			
<b>At 31 December 2018</b>	<b>-</b>	<b>14,573</b>	<b>14,573</b>
At 31 December 2017	2,625	15,770	18,395

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 11: DEBTORS

	2018	2017
	£	£
Prepayments	49,238	42,581
Grants receivable	746,431	513,152
Accrued income	1,263,356	771,810
Other debtors	27,326	9,107
<b>Total Debtors</b>	<b>2,086,351</b>	<b>1,336,650</b>

NOTE 12: CASH & CASH EQUIVALENTS

	2018	2017
	£	£
Cash at bank	5,217,481	1,155,656
Cash in hand	9,003	13,959
<b>Total Cash &amp; Cash Equivalents</b>	<b>5,226,484</b>	<b>1,169,615</b>

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	430,404	194,502
Deferred income (Note 13.1)	4,959,490	386,030
Grants payable	298,839	704,334
Accruals	350,882	219,305
Taxation and social security	62,058	35,011
Other creditors (Note 20)	368,486	351,005
<b>Total Creditors</b>	<b>6,470,159</b>	<b>1,890,187</b>

The analysis of creditor balance has been reviewed in the year and the comparative figures have been restated.

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2018	Receipts	Released to SOFA	Balance at 31 December 2018
	£	£	£	£
Promoting Early Rec. and Durable Solutions Project	8,402	401,025	409,427	-
Release Mine & ERW Clearance affected land project	15,080	122,017	137,097	-
FLIP- Families' Livelihoods & Integration project	98,512	847,008	831,534	113,986
Strength. Community Champions of Women Right project	73,603	47,066	120,669	-
Boost Alternative Development Intervention Project	109,824	276,306	342,441	43,689
Mitigating conflict over water management Project	37,235	46,381	83,616	-
Rangeland Management Project(RAMA)	-	416,890	151,963	264,927
Promoting Gender Equality Women's Rights Project	-	176,806	19,196	157,610
Animal Health Care (Brooke) Project	-	57,855	4,919	52,936
Community Based Eco-DRR (CBED) Project	-	4,204,077	18,571	4,185,506
Cash Assistance to IDPs Project	-	111,071	24,096	86,975
Other	43,374	109,587	99,100	53,861
<b>Total Deferred Income</b>	<b>386,030</b>	<b>6,816,089</b>	<b>2,242,629</b>	<b>4,959,490</b>

NOTE 14: OPERATING LEASE COMMITMENTS

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

	As at 31 December 2018	As at 31 December 2017
	£	£
<b>Land and Buildings</b>		
Within one year	21,679	54,334
Two to five years	86,923	122,047
<b>Other assets</b>		
Within one year	2,365	4,366
Two to five years	3,860	3,638
<b>Total Operating Lease Commitments</b>	<b>114,827</b>	<b>184,385</b>

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2018)

	<b>Expendable Endowment Funds</b>	<b>Unrestricted Funds</b>	<b>Total Funds 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Total 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>

NOTE 15.1: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2017)

	<b>Expendable Endowment Funds</b>	<b>Unrestricted Funds</b>	<b>Total Funds 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Total fixed assets	-	70,270	70,270
Current assets	100,000	2,406,265	2,506,265
Current liabilities	-	(1,890,187)	(1,890,187)
<b>Net assets at 31 December 2017</b>	<b>100,000</b>	<b>586,348</b>	<b>686,348</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 16: FUNDS MOVEMENT (2018)

	At 1 January 2018	Income	Expenses	Gains, (Losses)	Transfers	At 31 December 2018
	£	£	£	£	£	£
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 Fund</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>

NOTE 16.1: FUNDS MOVEMENT (2017)

	At 1 January 2017	Income	Expenditure	Gains or (Losses)	Transfers	At 31 December 2017
	£	£	£	£	£	£
Expendable Endowment Funds	100,000	-	-	-	-	100,000
Total Restricted Funds	114,381	7,861,117	7,917,658	(6,517)	(51,323)	-
Total Unrestricted Funds	380,847	1,738,398	1,757,142	172,922	51,323	586,348
<b>Total Funds</b>	<b>595,228</b>	<b>9,599,515</b>	<b>9,674,800</b>	<b>166,405</b>	<b>-</b>	<b>686,348</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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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**

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 2017 this reserve was £516k and was increased to £742k at the end of 2018.

**Fixed asset reserve:** an amount to cover funds invested in tangible and intangible fixed assets totaling £43k at the end of 2018 (£70k at end of 2017).

**NOTE 18: TRANSFERS BETWEEN FUNDS**

No funds have been transferred from restricted to unrestricted funds. (£51,323 in 2017).

**NOTE 19: RELATED PARTIES**

There were no related party transactions in 2018 (nil 2017).

**NOTE 20: POST BALANCE SHEET EVENT**

Other creditors include £150k related to a working capital loan. Subsequent to 31 December 2018, the loan was converted to a grant and released to unrestricted reserves.