

REGISTERED NUMBER 05420647

AFGHAN ACTION

(A company limited by guarantee)

TRUSTEES' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR TO 30TH APRIL 2015

AFGHAN ACTION

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FOR THE YEAR TO 30TH APRIL 2015**

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LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR TO 30TH APRIL 2015

TRUSTEES:	Ken Bartlett (resigned 30.4.2015)
	Sir Antony Baldry (resigned 30.4.2015)
	Christopher Beales
	Bridget Cowper-Coles (resigned 30.4.2015)
	Yama Farooq (appointed 30.4.2015)
	Sarajuddin Isar (appointed 30.4.2015)
	Julia Harrington (resigned 30.4.2015)
	Horia Mosadiq (resigned 30.4.2015)
	Zahra Qadir (resigned 30.4.2015)
	Bonnie Mahboubian (resigned 30.4.2015)
	Sheldon Stout (resigned 30.4.2015)
	Samad Samadi (resigned 30.4.2015)
	Victoria Buyer-Walton (appointed 30.4.2015)
	Erol Soyer (appointed 30.4.2015)
SECRETARY:	Lubomir Sparber (resigned 27.4.2014)
	Patrick Vigors (appointed 27.4.2014, resigned 30.4.2015)
CHIEF EXECUTIVE :	Christopher Beales (resigned 30.4.2014)
	Zainab Homam (appointed 01.5.14)
REGISTERED OFFICE:	30 Church Road Woburn Sands Beds MK17 8TA
COMPANY NUMBER:	05420647
CHARITY NUMBER:	1111897

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CHIEF EXECUTIVE'S REPORT FOR THE YEAR TO 30TH APRIL 2015

I took over as Chief Executive Officer of Afghan Action in May 2014. This coincided with a very uncertain situation in Afghanistan where the troops had started withdrawal and when Afghanistan was going through the longest election period in its history. The security situation was at its worst and many Not-for-profit organisations had started or were pulling out.

I travelled to Afghanistan in August 2014 where I met with the staff and also our new office in the capital city, Kabul. I was impressed with Afghan Action's work and contribution to local Afghan women, children and refugees. Our dedicated and passionate colleagues in Kabul equally amazed me and gave insight into our present capabilities as well as future potential.

Afghan Action as a charitable organisation not only makes quality organic materials but also helps to revive the rugs business in the UK and Afghanistan. Our UK team has been working very closely with our Kabul colleagues to ensure a self-sustainable and a longer-term plan, which would excel with better security in the country.

Afghan Action remains thankful to Supreme Foundation who has continued to support us through very difficult times providing our Winter Quilts project, and also by sponsoring food for our trainees.

I would also like to thank the Linda Norgrove foundation for their continued support and the other donations received from all our benefactors.

Zainab Homam
Chief Executive Officer
Afghan Action

AFGHAN ACTION

TRUSTEES' REPORT FOR THE YEAR TO 30TH APRIL 2015

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 30th April 2015.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Ken Bartlett (resigned 30.4.2015)
Sir Antony Baldry (resigned 30.4.2015)
Christopher Beales
Bridget Cowper-Coles (resigned 30.4.2015)
Yama Farooq (appointed 30.4.2015)
Sarauddin Isar (appointed 30.4.2015)
Julia Harrington (resigned 30.4.2015)
Horia Mosadiq (resigned 30.4.2015)
Zahra Qadir (resigned 30.4.2015)
Bonnie Mahboubian (resigned 30.4.2015)
Sheldon Stoutt (resigned 30.4.2015)
Samad Samadi (resigned 30.4.2015)
Victoria Buyer-Walton (appointed 30.4.2015)
Erol Soyer (appointed 30.4.2015)

Structure, Governance and Management

Governing Document

Afghan Action is a company limited by guarantee governed by its Memorandum and Articles of Association dated 8th April 2005.

It is registered as a charity with the Charity Commission.

Appointment of trustees

As set out in the Articles of Association the chair of the trustees is nominated by the other trustees. One third of Trustees shall retire from office, but shall be eligible for re-election.

All members are invited to nominate trustees prior to the AGM.

Organisation

The board of trustees, which must have a minimum of three members with no maximum, administers the charity. The board meets quarterly. A Chief Executive is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters.

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TRUSTEES' REPORT FOR THE YEAR TO 30TH APRIL 2015

Objectives and activities

The objects of the charity are:

- to advance the education and training of the public, in particular amongst persons resident within Afghanistan, by the provision of educational and vocational training facilities to improve their condition of life: and
- to relieve poverty and sickness by the provision of humanitarian assistance to persons who are sick or in need and by enabling such persons to learn skills and be trained to support their own needs.

In setting out our revised programme this year, we have regard to both the Charity Commissioner's general guidance on public benefit and the relief of poverty for the public benefit. The trustees always ensure that the programmes we undertake are in line with our charitable objectives and aims. Our ambition is to create self sustaining operations and opportunities in the areas where we work.

Achievements and performance

The review of the activities of the charity is included in the Chief Executive's report.

Financial Review

The consolidated results show, for the year ended April 2015, that resources expended exceeded incoming resources by £7,308. In the prior year 2013/14, resources expended exceeded incoming resources by £8,779. The UK trading subsidiary, Afghan Trading Ltd made a loss of £3,041, (last year a profit of £nil was made).

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any suitable way that the trustees consider appropriate.

Risk management

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity and its subsidiary may face.
- The establishment of systems and procedures to mitigate those risks identified and the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary.

Reserves policy

The trustees' objective is to build a level of reserves to make the charity self sufficient.

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**TRUSTEES' REPORT
FOR THE YEAR TO 30TH APRIL 2015**

Plans for future periods

The Trustees have agreed to give urgent consideration to the future viability of Afghan Action.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

This report was approved by the Trustees' on the
behalf by:

2015 and signed on its

Victoria Buyer-Walton

AFGHAN ACTION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR TO 30TH APRIL 2015

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total £	2014 Total £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income:					
Grants & Donations	6	8,349	0	8,349	0
Activities for generating funds:					
Trading operations	5	2,364	0	2,364	21,230
Other income		0	-	0	1,850
Total incoming resources		10,713	0	10,713	23,080
RESOURCES EXPENDED					
Cost of generating funds:					
Trading activities		5,405	-	5,405	1,633
Charitable activities					
Afghan welfare & training	7	9,750	-	9,750	22,500
UK fundraising & admin	7	2,866	-	2,866	7,726
Total resources expended		18,021	-	18,021	31,859
Net incoming / (outgoing) resources		(7,308)	-	(7,308)	(8,779)
Gross transfers between funds	9	-	-	-	-
Net movement of funds in year		(7,308)	-	(7,308)	(8,779)
Reconciliation of funds					
Total funds brought forward		11,655	-	11,655	20,434
Total funds carried forward		4,347	-	4,347	11,655

The notes form part of these financial statements

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CONSOLIDATED BALANCE SHEET AS AT 30TH APRIL 2015

	Notes	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
FIXED ASSETS					
Tangible assets	11	-	-	-	-
Investments	12	-	-	100	100
CURRENT ASSETS					
Stock	13	3,077	5,581	-	-
Debtors	14	0	110	8,608	8,608
Cash at bank		1,370	5,964	2,407	2,407
		4,447	11,655	11,115	11,115
CREDITORS					
Amounts falling due within one year	15	-	-	(2,409)	(2,409)
NET CURRENT ASSETS / LIABILITIES					
		4,447	11,655	8,706	8,706
NET ASSETS					
		4,447	11,655	8,706	8,706
FUNDS OF THE CHARITY					
Restricted funds		-	-	-	-
Unrestricted funds	17	4,439	8,699	8,706	8,706
Trading profits /losses		(92)	2,956	-	-
TOTAL CHARITY FUNDS					
		4,347	11,655	8,706	8,706

Trustees' statements required by Section 475(2) of the Companies Act 2006 for the year ended 30th April 2015.

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30th April 2015. The members have not required the company to obtain an audit of its financial statements for the period ended 30th April 2015 in accordance with section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit and loss for each financial year in accordance with the requirements of Section 396 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board on the
signed on its behalf:

2015 and

Victoria Buyer-Walton, Trustee

The notes form part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historic cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary Afghan Trading Ltd on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

c) Incoming resources

Voluntary income including donations, gifts and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when grants are received in advance of the event or activity to which they relate.

d) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the Chief Executive's report.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

e) Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and related grants are recognised as goods or services supplied. Other grant payments are recognised when a constructive obligation arises, resulting in the payment being unavoidable.

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the training of weavers/tailors and educational programmes and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources by the time spent.

f) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

g) Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

- Factory assets – over two years
- Computer and other equipment – over two years

h) Stock.

Stock is included at the lower of cost or net realisable value.

i) Funds structure

The charity had until 2013 a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

The notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

All other funds are unrestricted income funds. The funds held in each of these categories are disclosed in note 17.

2 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £5.

3 Related party transactions

There were no outstanding balances with related parties as at 30th April 2015 (2014 £nil)
The trustees were not paid or reimbursed expenses during the year and no trustee received any emolument or payment for professional or other services.

4 Financial activities of the charity

The financial activities shown in the consolidated statement include those of the charity's wholly owned subsidiary, Afghan Trading Ltd.

A summary of the financial activities undertaken by the charity is set out below:

	2015 £	2014 £
Gross incoming resources	8,349	19,749
Total expenditure on charitable activities	(12,616)	(28,528)
Net incoming resources	(4,267)	(8,779)
Total funds brought forward	8,706	17,485
Total funds carried forward	4,439	8,706
Represented by:		
Restricted income funds	-	-
Unrestricted income funds	4,439	8,706

The notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

5 Incoming resources from activities for generating funds

The charity has a wholly owned trading subsidiary; Afghan Trading Ltd, which is incorporated in the United Kingdom. The charity has a local partner in the Afghan Training & Development Organisation (ATDO) that operates a training and business incubation centre in Kabul, Afghanistan. The output is donated to Afghan Action, which sells it through Afghan Trading Ltd in the UK. In prior years the ATDO was treated as a wholly owned subsidiary, this has been revised following a review of the legal ownership, and better reflects its status as an independent company supported by donations from Afghan Action in the UK.

A summary of the trading results of Afghan Trading Ltd is shown below.

	2015	2014
	£	£
Turnover	2,364	21,230
Grants & donations	-	-
Cost of sales, welfare & administration costs	(5,405)	(21,230)
Interest received	-	-
Interest paid	-	-
Net profit / (loss)	(3,041)	-

The assets & liabilities of the subsidiary were:

Fixed assets	0	0
Current assets	8	11,655
Current liabilities	0	(8,606)
Net assets / (deficiency)	8	3,049
Aggregate share capital & reserves	8	3,049

The notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

6 Voluntary income

The income was primarily grants and donations from corporate & charitable trusts, individual donations and sponsorships.

	2015 £	2014 £
Donations	7,477	1,850
Sponsorships	872	0
Linda Norgrove Foundation	-	0
Clothworkers	-	0
Total	<hr/> 8,349	<hr/> 1,850

7 Analysis of charitable expenditure

The charity undertakes direct charitable activities only and does not make grant payments. The three main charitable activities are:

Afghan welfare – is the cost of providing a free daily meal to trainees and staff at the factory in Kabul and the provision for health cover.

Afghan training – comprises the cost of paying trainees wages whilst they undergo the training programme.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

8 Movement in total funds for the year

	2015	2014
	£	£
This is stated after charging:		
Depreciation	-	-

9 Transfers between funds

Nothing (2014 £nil) was transferred from the unrestricted fund to restricted funds to pay for the shortfall in training and outreach activities.

10 Taxation

The company is a registered charity and no provision is considered necessary for taxation. The trading subsidiary has made a loss this financial year. No provision for corporation taxes is required as the company has brought forward tax losses to offset any charge to taxation.

11 Tangible fixed assets –group only

	Factory Assets £	Computers & Other £	Total £
COST			
At 1 st May 2014	6,338	4,780	11,118
Additions	0	0	0
At 30 th April 2015	6,338	4,780	11,118
DEPRECIATION			
At 1 st May 2014	6,338	4,780	10,618
Charge for the year	0	0	0
At 30 th April 2015	6,338	4,780	11,118
NET BOOK VALUE			
At 30 th April 2014	0	0	0
At 30 th April 2015	0	0	0

The charity has an investment in Afghan Trading Ltd of £100. It has no fixed assets.

12 Trading subsidiary

The trading subsidiary is wholly owned by the charity and operates a sales organisation in the UK. The subsidiary has operated at a loss in this financial year. As at the 30th April 2015, this company ceased trading. The subsidiary has been valued in the accounts at the original nominal cost - £100.

The notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

13 Stock

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Carpet stock	3,077	5,581	-	-
Total	3,077	5,581	-	-

14 Debtors

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Trade debtors	0	0	0	110
Other debtors	0	0	0	0
Total	0	0	0	110

15 Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Trade creditors	0	0	0	0
Other taxes and social security costs	0	0	0	0
Other creditors and accruals	0	0	0	0
Deferred income	0	0	0	0
Total	0	0	0	0

16 Deferred income

Nil

The notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30TH APRIL 2015

17 Analysis of group net assets between funds

	General Fund £	Designated Fund £	Restricted Fund £	Total £
Stock	3,077	-	-	3,077
Cash at bank	1,370	-	-	1,370
Other net current assets	0	-	-	0
Total	4,447	-	-	4,447
