

**BAAG (BRITISH AND IRISH
AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT AND ACCOUNTS**

**for the year ended
31st March 2013**

**Company Registration Number 6880188
Charity Number 1135700**

MITCHELL CHARLESWORTH
Chartered Accountants
CH1 2AU

**BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Financial Statements

Year ended 31st March 2013

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**BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Members of the Board and Professional Advisers

Registered charity name BAAG (British & Irish Agencies Afghanistan Group)

Charity number 1135700

Company registration number 6880188

Registered office 55 Westminster Bridge Road
London
SE1 7JB

Trustees Bruce Clark
Tamar Ghosh
Alison Kelly
Cintia Lavandera
Frederick Lyons
Elizabeth Winter
David Woodbine
Tareck Safi

Auditor Mitchell Charlesworth
Chartered Accountants
Statutory Auditor
24 Nicholas Street
Chester
CH1 2AU

Bankers The Co-operative Bank plc
PO Box 250
Skelmersdale
WN8 6WT

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report

Year ended 31st March 2013

The Trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31st March 2013.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

THE TRUSTEES

The Trustees who served the company during the period were as follows:

Bruce Clark
Tamar Ghosh
Alison Kelly
Joanna Knowles
Cintia Lavandera
Frederick Lyons
Elizabeth Winter
David Woodbine
Tareck Safi

David Woodbine was appointed as a Trustee on 25th March 2013.

Tareck Safi was appointed as a Trustee on 28th November 2012.

Joanna Knowles retired as a Trustee on 25th March 2013.

Elizabeth Winter retired as a Trustee on 21st May 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The company was incorporated on 17 April 2009 and commenced operating on 1 May 2009. Its activities and staff were transferred from the British Refugee Council (charity number 1014576). It was registered as a charity on 28 April 2010. The company is limited by guarantee and is governed by its Memorandum and Articles of Association. At 31 March 2013 there were 27 members of the company with voting rights and 3 observer members.

Reference and administrative details

The information set out of page 1 forms an integral part of this report. The financial statements comply with the current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2005).

Organisational structure

Board of Trustees

The Board of Trustees of the charity are also its directors for the purpose of company law and throughout this report are collectively referred to as the Trustees or the Board.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

The Articles of Association provide for at least three Trustees. There is no maximum provided in the Articles but the Board has decided that its optimum size is eight with no more than half coming from outside the membership. New Trustees have induction through visits to the charity's office, discussions with employees and management and meetings with other trustees. They are provided with past accounts and board papers. The Trustees are experienced. There is no formal training policy for Trustees, but training will be provided if a gap in skill or experience becomes apparent.

Joanna Knowles retired from the Board on 25 March 2013. During the year, two new Trustees were appointed in line with BAAG's membership and Articles of Association. Tareck Safi was appointed at the AGM on the 28 November 2012. Tareck is an independent candidate bringing considerable experience in the private sector and marketing expertise. David Woodbine, a finance specialist at BAAG member agency Actionaid, was appointed on the 25 March 2013 and was duly elected as Treasurer following the retirement of Joanna Knowles. BAAG currently has two vacancies on the Board for individuals with extensive experience in human resources, NGO programme development or senior NGO management.

Governance and management

The Board meets four times a year and is responsible for overall policy, annual budgets, financial and professional probity. The Board has delegated day-to-day decision making to the Director.

BAAG's Membership

BAAG is a membership organisation comprised of 27 British and Irish Non-Governmental Organisations that support humanitarian and development programmes in Afghanistan and 3 observer members. BAAG's membership increased in the financial year 2012-13 with two new members. Amnesty International UK joined in June 2012 and the Organisation of Human Welfare joined in January 2013. Two organisations left BAAG during this period: International Medical Corps and Save the Children UK.

Current members are: ActionAid, Afghanaid, Afghan Action, Afghan Connection, CAFOD, CARE International UK, Children in Crisis, Christian Aid, Concern Worldwide UK, Glencree Centre for Peace and Reconciliation, Global Witness, Hope Worldwide, Islamic Relief Worldwide, Khorasan, Marie Stopes International, Mercy Corps, Minority Rights Group International, Muslim Hands, Organisation of Human Welfare, Oxfam GB, Refugee Action, Relief International, Support for Afghan Further Education, Tearfund, War Child UK, Womankind Worldwide and World Vision. BAAG's observer members are Amnesty International UK, Médecins Sans Frontières and The British Red Cross.

OBJECTIVES AND ACTIVITIES

The objects of BAAG are the advancement of any charitable purposes for the relief of poverty, distress and hardship among the people of Afghanistan and refugees from Afghanistan, in particular by promoting the effectiveness and efficiency of the voluntary sector organisations and other institutions that are involved in the delivery of humanitarian and development aid.

Vision

BAAG's vision is for a just and peaceful Afghanistan where all citizens are able to fulfil their potential, enjoy economic and social rights, and play an active part in the development and governance of their country.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

Identity

BAAG is an umbrella organisation deriving its mandate from its British and Irish member agencies engaged in work in Afghanistan.

Mission

BAAG works with member agencies and others to promote pro poor policies that are informed by and benefit the people of Afghanistan and to encourage good practice and policy in development and humanitarian work in Afghanistan.

Principles

BAAG is committed to the principles of:

- Primacy of Afghan ownership
- Rights based and pro poor policy and programmes
- Working in partnership with counterparts in the UK, Europe and Afghanistan
- Evidence based policy and good practice
- Independence and impartiality
- Accountability and transparency

Approach

In order to fulfil its mission, BAAG is committed to excellence in:

- Listening to all Afghan voices, including women and the marginalised, and ensuring these perspectives are heard
- Delivering informed analysis of the current context, debate and thinking on key development issues facing Afghans
- Engaging with key donors based on a sound awareness of their policies
- Networking with the wider relief and development community in the UK, Ireland and internationally
- Identifying and influencing key decision-makers, including parliamentarians, government and international agency officials, to shape pro-poor policy
- Strengthening the capacity of members and Afghan civil society to play an increased role in influencing policies and decisions relating to Afghanistan
- Delivering high quality research of key development issues
- Raising the profile of development issues as they relate to Afghanistan with the public, policy makers and the media
- Encouraging informed media coverage of the situation in Afghanistan
- Acting as a focal point for the network of BAAG member agencies
- Providing quality briefings, induction and other information services
- Facilitating learning and exchange of information and experiences to promote strong advocacy, development and humanitarian work
- Promoting adherence to recognised codes of conduct (such as the Red Cross Code of Conduct, SPHERE, etc)
- Managing its resources well in order to maximise its impact

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

To this end BAAG's core activities are focused on:

1. Facilitating discussion over policy and good practice issues in relation to the delivery of humanitarian and development assistance in Afghanistan;
2. Facilitating the sharing and provision of information and analysis about Afghanistan, in particular the political, economic situation and acting as a focal point for the network of BAAG member agencies;
3. Raising the profile of Afghanistan with policy makers, donors and the public.

Public benefit

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance and are confident that the organisation has provided public benefit to the citizens of Afghanistan and refugees from Afghanistan, as detailed below.

Background: The Situation in Afghanistan, 2012

Security

In 2012, large swathes of the country, particularly provinces in the south, south-east and east continued to be the focus of insecurity. Armed clashes and improvised explosive devices accounted for the bulk of the attacks. Traditionally secure parts of the country including Central Highlands also received unprecedented levels of threats.

Civilian casualties from fighting remained high. In year 2012, UNAMA reported 2,754 civilian deaths and 4,805 civilian injuries. This is a 4% decrease in civilian casualties as compared with 2011 – the first such reduction in six years.

81% of the casualties were attributed to Armed Opposition Group (AOG) elements. Armed conflicts and attacks on restaurants, key civilians – including government officials and contractors were main sources of casualty. The AOG forces also continued attacking on schools. According to the UN, in the first half of 2012 they carried out 34 attacks against schools which included targeted assassinations of schools staff.

There were increased attacks by the Afghan forces on the international troops (green-on-blue attacks). In year 2012, these attacks they accounted for 15% of Coalition forces deaths.

Local people in Ghazni, Helmand and some other provinces that receive high AOG threat reportedly began 'uprisings' against them. They are said to be fuelled by local people's dissatisfaction from lack of access to basic services due to Taliban's activities. While viewed as effective in curtailing the Taliban, the uprisings have increased fears of sporadic insurgency in areas with loose ANSF control.

The exposure of Non-government Organisations (NGOs) to a number of key security risks did not change substantially in 2012, according to Afghanistan NGO Safety Office. Overall 74 NGOs were victimised in 164 incidents. AOGs have been deemed responsible for the majority of these incidents (56%); criminal groups come second (32%) and the Afghan and international security forces have been responsible in 12% of the cases. There was a 43% decline in NGO casualty rate in 2012 (to 11 deaths and 26 injuries in 2012). However, the exposures of NGOs to violence and collateral damage grew sharply in eastern and southern provinces.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

Transition

The transition included both the transfer of security responsibilities from NATO forces to the Afghan National Security Forces (ANSF) as well as preparations for the 'political' transition i.e. Presidential Elections 2014. In mid and end of 2012, President Karzai announced the third and fourth group of provinces going through transition. As a result, 23 out of 34 provinces fully entered transition and 87% of the population live in areas where ANSAF is in the lead of security.

In most transitioned areas, no increase in insurgent attacks was reported. However, reports about increased threats to traditionally peaceful provinces like Bamiyan highlighted the overall security challenges the transition entails.

Preparations for the Presidential Elections continued to dominate the political landscape. The Upper and Lower Houses of National Assembly struggled to reach to an agreement over the draft laws on the structure of the electoral management bodies as well as electoral law. Political parties and civil society groups have provided input in the draft laws as well. The Government of Afghanistan (GoA) initiated plans to distribute electronic identity cards that would either substitute/supplement voter registration cards.

Peace process

Peace negotiations between the GoA, AOG and regional and international stakeholders had little progress in 2012. Preliminary discussions between the Taliban and the U.S. were reportedly impeded over disagreements on the U.S. transfer of key Taliban prisoners from Guantanamo Bay to Qatar.

GoA and the Pakistani Government both emphasised on the regional cooperation and the Afghan ownership of the peace talks. The Pakistani Government has pledged to undertake confidence building measures such as releasing key Taliban detainees from Pakistani prisons. On the ground however, peace talks have not had much success.

Humanitarian needs and Development

The development and humanitarian needs of the country remained great in 2012. According to UNDP, Afghanistan's Human Development Index value for 2012 was 0.374. This positioned Afghanistan at 175 out of 187 countries and territories. Life expectancy improved from 48.7 in 2011, to 49.1 in 2012 and the Gross National Income Per Capita was \$1,000. In 2012, 460 women died from pregnancy related causes for every 100,000 live births and the adolescent fertility rate was 99.6 births per 1,000 live births.

These dimensions along with the empowerment and economic activity of women positioned Afghanistan's Gender Inequality Index 147 out of 148. According to World Bank in 2012, Afghanistan remains one of the poorest countries in the world.

In July 2012, GoA and major international donors agreed on Tokyo Mutual Accountability Framework (TMAF) in the Tokyo conference on Afghanistan. The donors including the U.S., Japan, Germany and the UK pledged to give £10.3bn in civilian aid over four years. It was reiterated that the international community would align 80% of its funding with National Priority Programmes (NPPs) and route 50% through Afghan budget.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

In Feb 2013, The Joint Coordination and Monitoring Board (JCMB) endorsed 4 additional NPPs bringing the endorsed NPPs total to 20 of 22. The 4 new NPPs were related to agriculture and rural development, infrastructure development and governance. NPPs represent plans of the Afghan Government to implement its national development priorities.

The humanitarian situation in Afghanistan continued to be severe in 2012. Internal conflict and natural hazards increased population displacement, disruption of basic services and delays in humanitarian response. During 2012, nearly 3 million Afghan refugees continued to live in Pakistan and Iran, while internal conflict-induced displacement stands at 500,000 people. More than 94,000 people were newly displaced in 2012. Meanwhile this year, some 95,000 Afghan refugees voluntarily returned to country primarily from Pakistan and Iran – representing 39% increase compared to 2011.

Rights

The replacement of three Afghanistan Independent Human Rights Commission (AIHRC)'s commissioners with nominees who have little expertise and background in rights raised serious concerns. Critiques believe rights issues will be increasingly overshadowed by the government and international efforts to talk to Taliban. For example, throughout the year President Karzai refrained from endorsing AIHRC's report about past war crimes.

Reports released by AIHRC showed increased level of violence against women and girls in the country. The report acknowledges that the higher figures may be due to increased awareness and compliant registration offices. Nonetheless, the declaration of Ulema Council and statement against shelters by the Minister of Justice highlighted the long term challenges of women rights protection in the country.

UNAMA published a report highlighting lack of effective enforcement of the Elimination of Violence against Women Law (EVAW). Among other, two assassinations of the Directors of Laghman Women Affairs Directorate, the murder of Shakila in Bamian, the videotape of a public execution of a woman in Parwan for the alleged crime of adultery, and reports about the Afghan Local Police's abuses raised the concerns over the commitment and ability of Afghan government to protect women.

Economy

Afghan economy seemed better than 2011. According to World Bank, in 2012, the real GDP growth increased to an estimated 11.8% - a 4.5% increase from last year – due to favourable weather conditions and an exceptional harvest. The mining sector's aggregate output increased to an estimated 1.8% of the GDP, up from 0.6% in 2010 owing to the start of oil production in Amu Darya fields. Compared to last year, the consumer price inflation dropped from 10.2% to 6.4%. Also, services such as telecommunication and transportation too had contributed to the growth. The latter benefited from high contract related to out-of-country shipments related to military drawdown.

However, growing insecurity and perception of uncertainty has had negative impact on the economy. One sign of that is the 8% decrease in the numbers of newly registered firms in 2012 that represents lower investment. Afghanistan's external position in 2012 still remains weak despite the huge 43% deficit being offset by foreign aid inflows. The afghani currency depreciated by 8%. It averaged 47.9 to the US dollar in 2011 and depreciated to 51.8/\$US in 2012. This is mainly due to increased uncertainty over security and the business environment.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

Afghan exports, mostly dry fruit and carpet, estimated to be US\$ 2.6 billion, shows a decline of 5% compared to previous year. This can be explained by Afghanistan reliance on Pakistan, whose currency depreciated more than afghanis thereby decreasing the demand for Afghan products. It also indicates a loss of competitiveness in important EU markets.

The aftermath of Kabul Bank crisis continued to affect money growth. Before the crisis the banking sector experienced strong growth. After the crisis the total asset of the sector declined from \$US 5.5 billion in 2010 to \$US 4.4 billion in 2012.

Illicit opium production decline by 36% in 2012 compared to previous year. Calculated on the basis of farm-gate price, opium economy in 2012 estimated around 3.3% of the GDP.

ACHIEVEMENTS AND PERFORMANCE

During the year 2012-2013, BAAG continued to facilitate collective actions by its members and the wider relief and development community; engage with policy makers in Afghanistan, UK and Europe; and enable and support Afghan civil society's input into policy debate and formulation. BAAG's three main areas of operation were information sharing, policy and advocacy, and coordination and networking. The following paragraphs outline what has been achieved between March 2012 – April 2013:

Information Sharing

To ensure effective information sharing and networking between Afghan civil society organisations (ACSOs), member agencies, other INGOs and HMG, BAAG conducted/facilitated a series of meetings in London, Brussels and Kabul. The themes of these meetings covered a variety of major Afghan humanitarian and development issues. Specifically, themes were: the interactions between humanitarian actors and Provincial Reconstruction Teams, the current challenges faced by Afghan civil society groups, the 2014 presidential elections, donors plans, and the NGO's role in the National Priority Programmes.

BAAG continued to improve its website and Twitter following as effective ways of disseminating information online. Publishing pieces on Afghanistan that ranged from news stories and resources to audio interviews, blogs, appeals and videos, BAAG's website continued to attract greater number of visitors. An interview in January 2013 on the campaign to save the ancient Buddhist city of Mes Aynak - attracted a potential 30,200 impressions on Twitter alone. BAAG's Twitter followers include, but are not limited to, Afghan and international NGOs, journalists, filmmakers, academics and artists, Afghan and Western politicians, diplomats and think tanks.

Unique interviews for the website and Twitter have helped us forge links with new civil society organisations based in Afghanistan or working abroad on behalf of Afghans, and to strengthen ties with member agencies. We have been able to provide publicity for some of these organisations, either by helping to arrange media interviews for them, or linking them up with media professionals in the UK and/ or Afghanistan to gain more publicity for their work.

As a unique source of information regarding Afghan development and humanitarian issues, BAAG continued to be valuable platform for informing UK policies regarding Afghanistan. As part of engaging with the public, BAAG took part and facilitated Afghan civil society actors to speak in BBC radio debates in London, Manchester and Bristol. The interviews were about achievements Afghanistan has had in various development and gender indicators and the challenges that remain.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

In November 2012, BAAG spoke at a FCO panel titled 'Working with NGOs'. BAAG also facilitated many meetings between Afghan civil society and officials at the UK government. In March, BAAG Director and two Afghan women rights activists conducted presentations on the status of Afghan women during the 'transition' period in an international conference on women held by African Initiatives in Bristol, UK. In the same month, BAAG representatives spoke at Carnegie Europe, The Polish Institute of International Affairs and Chatham House events on Afghanistan in different European cities.

Policy Discussions

BAAG organised quarterly Contact Group Meetings (CGM) between the members, wider relief community and senior figures from the UK Foreign and Commonwealth Office, the Department for International Development and Ministry of Defense. The themes included peacebuilding, the Afghan civil society's views about the impact of security, political and economic transitions in Afghanistan, and DFID humanitarian strategy. CGMs were instrumental in keeping the various government and non-government bodies updated about each other's work and provided an opportunity for them to engage with one another in the strategic level.

As part of parliamentary engagement, BAAG assumed the secretariat role of All Party Parliamentary Group (APPG) on Afghanistan this year. To follow up on the written evidence BAAG submitted to the Development Select Committee on post-2014 Afghanistan development, BAAG convened an APPG meeting inviting the Secretary of State Justine Greening to discuss the Government's response to the report. In the meeting, development actors from Afghanistan were invited to talk about the challenges in delivery of aid and governance in the country. Two other APPG sessions were convened during this period on women rights and polio eradication in Afghanistan.

In February 2013, BAAG submitted written evidence to International Development Committee's inquiry into violence against women and girls. In the evidence, BAAG focused on the plight of Afghan women and called for more effective implementation of National Action Plan for the Women of Afghanistan, Elimination of Violence against Afghan Women Law and emphasised on ensuring women rights are not compromised during the peace talks.

In collaboration with Chatham House, BAAG organised a one-day roundtable on the impact of political, military and economic transitions on Afghanistan. Attended by Afghan civil society representatives, academics and international experts, the workshop discussed possible political, developmental and economic scenarios in the run-up to 2014 and beyond.

BAAG published the report of its peacebuilding workshop held in Dublin earlier in 2012. It was published in English and Dari languages. In addition, BAAG produced a pamphlet for party conferences focusing on the importance of civil society in the peace process in association with Peace Training and Research Organisations (PTRO), an Afghan NGO, drawing on the findings of BAAG's workshop in Dublin and PTRO's research.

BAAG held 2 meetings between member agencies and 2 successive UN Deputy Special Representative, Resident Coordinator and Humanitarian Coordinator in Afghanistan. The meetings helped members to understand the complexities of the humanitarian landscape and challenges in the implementation and funding of Tokyo Mutual Accountability Framework (TMAF).

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

BAAG engaged with many Afghan government officials including the Minister of Rural Rehabilitation and Development, Minister of Public Health, Minister of Labor, Social Affairs, Martyrs & Disabled and senior officials at Ministry of Mines. BAAG continued to meet with officials in Brussels at the European Parliament.

In November 2012, on the occasion of the UN Security Council's extension of the International Security Assistance Forces' (ISAF) mandate, BAAG along with 13 Afghan and international NGOs sent a letter to the NATO Secretary General. We called for greater protection of civilians caught up in the conflict and the creation of mechanisms that require Afghan national security forces to minimise human rights violations during their operations. In response, the NATO Assistant Secretary General for Operations wrote back, acknowledging that the curriculum of the Afghan army and police now includes training on human rights, gender and law of armed conflict.

Coordination and Networking

To ensure that ACSOs are better able to engage with INGOs and international networks around key issues, BAAG engaged with a number of international and Afghan NGOs and produced recommendations on transparency in the extractive industry, and the protection of civilians.

As a founding member and Steering Committee member of the European Network of NGOs in Afghanistan (ENNA), BAAG has actively contributed to ENNA's work. Liz Cameron, BAAG's Information Coordinator, assumed the Chair-designate role at ENNA Steering Committee since November 2012. BAAG played an important role in the development of an ENNA policy briefing about ensuring mutually-accountable and effective aid in Afghanistan and during the ENNA annual conference in January 2013.

BAAG also worked closely with Agency Coordinating Body for Afghan Relief and Development (ACBAR) Tawanmandi (The British Council civil society support project in Afghanistan), Afghan Women Support Forum UK, Gender Action for Peace and Security. BAAG provided advice to these entities, invited them in events and intends to carry out joint projects with them.

On 21st March 2012, on the occasion of Nowruz, the Afghan new year, BAAG organised a reception in House of Lords. Bringing together Afghan Chevening scholarship holders and other students with some UK MPs, officials, BAAG members, media and other organisation, the reception was successful to create contacts and raise cultural awareness of Afghanistan.

Intangible income

BAAG is grateful for the contributions of volunteers. Without their considerable efforts BAAG would be unable to survive. It is difficult to measure the monetary value of their services which is not therefore included in the SOFA. All Trustees give their time voluntarily.

FINANCIAL REVIEW

Reserves policy

The Trustees have reviewed the reserves policy and consider that the charity should aim to maintain unrestricted reserves representing six months of core costs to provide a financial cushion in the event of funding shortfalls or to cover winding up costs in the event of a complete loss of funding. Unrestricted reserves at 31 March 2013 amounted to £50,221 which represented 6 months of core costs. This is an increase on last year's reserve which stood at 5 months of core costs. This level of unrestricted reserves will be maintained and the Trustees will review BAAG's reserve policy.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

PLANS FOR FUTURE PERIODS

In the next year, BAAG will review its strategic plans with due consideration to the changing development, humanitarian and other environmental factors in Afghanistan. We will endeavor to achieve the following under the three areas of operation:

Information sharing

BAAG will continue to facilitate/hold meetings with ACSOs, Afghan civil society actors and INGOs in the UK, Afghanistan and Europe. The meetings will be used to share information and provide strategic opportunities to influence current issues related to Afghanistan such as women's rights, peacebuilding, economic development and sustaining engagement with Afghanistan post-2014. In addition, BAAG will work with members and other INGOs to feed into consultations currently ongoing on DFID's new humanitarian strategy for Afghanistan.

The website and social media will be used to promote the voice of Afghan civil society. Visiting civil society representatives will be interviewed and audio pieces posted on the website. BAAG continues to feature blogs from prominent individuals, Afghan civil society and members. BAAG will also launch its Facebook page.

BAAG recognizes that the international media audiences receive imbalanced news about Afghanistan. There are much coverage of negative stories such as security incidents, corruption, opium cultivation and the like. While these reports are not untrue, they do not reflect an accurate picture of Afghanistan and the positive changes that have occurred. BAAG plans to understand what public perception gaps are regarding Afghanistan in the UK. Depending on availability of funds, it will then follow up with the project designed to tackle these gaps.

Policy Discussions

BAAG will continue to serve as the secretariat of APPG Afghanistan. Through the end of the year, we plan to convene sessions among other about the Afghan Diaspora, Afghan women, and key development issues. BAAG will continue to work with the IDC and present evidence to their Afghanistan-related enquiries, where they are in line with our advocacy strategy.

BAAG will continue to raise the voice of Afghan civil society and member agencies regarding the implications of the political, military and economic transitions in the lead-up to 2014 and beyond.

Working with partners, BAAG will develop evidence-based policy papers around Afghan women's issues, peacebuilding, donor attitude towards Afghanistan and implications of transition on the NGOs. The specific topics will be determined after consultation with partners. The papers will be used as advocacy tools in our discussions with government partners.

BAAG intends to devise an advocacy plan to share the findings of the Dublin peacebuilding workshop and various other research reports with the Afghan authorities. We plan to convene meetings with officials from Afghanistan Peace and Reintegration Programme, High Peace Council and other stakeholders. In the meantime, BAAG will continue to work closely with Glencree, Oxfam and other stakeholders to ensure that the peace process is inclusive and sustainable.

BAAG (BRITISH AND IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report *(continued)*

Year ended 31st March 2013

BAAG plans to hold different events in London looking at ways in which to support Afghan women. A consultation with international experts and Afghans will be held. The objective of this consultation will be to assess the status of Afghan women and the international assistance to them. Another event will focus on violence against women and girls in Afghanistan. Afghan civil society representatives will be invited to attend a workshop on the issue, meet HMG representatives, conduct media interviews and visit women's shelters. The events will culminate in a bigger conference on Afghan gender issues.

Coordination and Networking

BAAG will continue to support European Networks of NGOs in Afghanistan (ENNA) by chairing the Steering Committee meetings and providing overall strategic guidance with regards to research and advocacy. BAAG will make visits to Europe combining ENNA work with BAAG's advocacy priorities in the European level.

BAAG plans to hold a discussion with Afghan Diaspora to understand the activities of various diaspora groups. That will be an opportunity for the Afghan communities in London and other cities to network and identify areas of cooperation. Inviting at members from different communities, the event will pave the way for more interaction between BAAG and the Afghan Diaspora.

BAAG intends to sign MOUs with Tawanmandi, ACBAR and other partners. This way, BAAG will more effectively coordinate advocacy efforts between Afghanistan, UK and at European-based organisations.

AUDITOR

Mitchell Charlesworth are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:
55 Westminster Bridge Road
London
SE1 7JB

Signed by order of the Trustees

Frederick Lyons – Chairman of the Trustees

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BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Statement of Trustees' Responsibilities

Year ended 31st March 2013

The Trustees (who are also the directors of BAAG (British & Irish Agencies Afghanistan Group) for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Mitchell Charlesworth

Chartered Accountants
24 Nicholas Street Chester CH1 2AU

Independent Auditor's Report to the Members of BAAG (British & Irish Agencies Afghanistan Group)

Year ended 31st March 2013

We have audited the financial statements of BAAG (British & Irish Agencies Afghanistan Group) for the year ended 31st March 2013 on pages 16 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Annual Report, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mitchell Charlesworth

Chartered Accountants
24 Nicholas Street Chester CH1 2AU

Independent Auditor's Report to the Members of BAAG (British & Irish Agencies Afghanistan Group) (continued)

Year ended 31st March 2013

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at year ended 31st March 2013 and of its incoming resources and application of resources 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for the which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' Annual Report.

24 Nicholas Street
Chester
CH1 2AU

.....

ROBERT HALL (Senior Statutory Auditor)
For and on behalf of
MITCHELL CHARLESWORTH
Chartered Accountants
Statutory Auditor

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

Year ended 31st March 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Incoming resources					
Incoming resources from generating funds:					
Voluntary income	2	5,297	153,227	158,524	176,941
Investment income	3	175	–	175	218
Incoming resources from charitable activities	4	24,681	–	24,681	31,124
Total incoming resources		<u>30,153</u>	<u>153,227</u>	<u>183,380</u>	<u>208,283</u>
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income	5	–	(84)	(84)	(7,684)
Charitable activities	6/7	(15,071)	(147,790)	(162,861)	(218,833)
Governance costs	8	(11,234)	(2,456)	(13,690)	(5,654)
Total resources expended		<u>(26,305)</u>	<u>(150,330)</u>	<u>(176,635)</u>	<u>(232,171)</u>
Net incoming/(outgoing) resources for the year/net income/(expenditure) for the year	10	3,848	2,897	6,745	(23,888)
Reconciliation of funds					
Total funds brought forward		<u>46,372</u>	<u>32,632</u>	<u>79,004</u>	<u>102,892</u>
Total funds carried forward		<u><u>50,220</u></u>	<u><u>35,529</u></u>	<u><u>85,749</u></u>	<u><u>79,004</u></u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 18 to 23 form part of these financial statements.

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Balance Sheet

31st March 2013

	Note	2013 £	£	2012 £	£
Current assets					
Debtors	12	6,456		8,165	
Cash at bank and in hand		98,901		85,860	
		<u>105,357</u>		<u>94,025</u>	
Creditors: Amounts falling due within one year	13	<u>(19,608)</u>		<u>(15,021)</u>	
Net current assets			85,749		79,004
Total assets less current liabilities			<u>85,749</u>		<u>79,004</u>
Net assets			<u>85,749</u>		<u>79,004</u>
Funds					
Restricted income funds	14		35,529		32,632
Unrestricted income funds	15		50,220		46,372
Total funds			<u>85,749</u>		<u>79,004</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the members of the committee on the and are signed on their behalf by:

.....
David Woodbine

Company Registration Number: 6880188

The notes on pages 18 to 23 form part of these financial statements.

BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP) COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2013

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding period.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 2006.

1.2. Fund accounting

The charity maintains a general unrestricted fund that is expendable at the discretion of the Trustees in furtherance of the objects of the charity. This fund may be held in order to finance both capital investment and working capital.

Restricted funds have been provided to the charity for particular purposes, and it is the policy of the Board of Trustees to carefully monitor the application of those funds in accordance with the restrictions placed upon them.

1.3. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant. Grants received and specified by the donor as relating to specific accounting periods are deferred on an accruals basis to the period to which they relate. Such deferrals are shown as creditors in the accounts.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Income from conferences is included in the period in which the conference takes place.

Membership subscriptions are accounted for in the year in which they are due.

1.4. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates. Expenditure incurred at the balance sheet date that relates to events taking place after the balance sheet date is carried forward as deferred expenditure.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Governance costs are those costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2013

1. Accounting policies *(continued)*

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - 33% straight line

Expenditure of a capital nature of less than £200 is not capitalised.

2. Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Donations				
Donations	377	–	377	–
Gifts in kind	4,920	–	4,920	–
Grants receivable				
Grants receivable	–	153,227	153,227	176,941
	<u>5,297</u>	<u>153,227</u>	<u>158,524</u>	<u>176,941</u>

3. Investment income

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Bank interest receivable	175	175	218
	<u>175</u>	<u>175</u>	<u>218</u>

4. Incoming resources from charitable activities

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Events income	–	–	108
Membership subscriptions	24,681	24,681	31,016
	<u>24,681</u>	<u>24,681</u>	<u>31,124</u>

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2013

5. Costs of generating voluntary income

	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£
Direct fundraising costs	–	–	5,875
Support costs	84	84	1,809
	<u>84</u>	<u>84</u>	<u>7,684</u>

6. Costs of charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
Total	<u>15,071</u>	<u>147,790</u>	<u>162,861</u>	<u>218,833</u>

7. Costs of charitable activities by activity type

Activity	Staff costs	Direct costs	Support costs	Total 31 March 2013	Total 31 March 2012
	£	£	£	£	£
Policy work and Information Sharing	52,511	9,820	5,089	67,420	89,884
Raising the profile of the needs and aspirations of Afghans, particularly the poorest and most vulnerable	48,647	8,399	4,706	61,752	84,008
Membership Activity and Networking	26,884	4,199	2,606	33,689	44,941
Total	<u>128,042</u>	<u>22,418</u>	<u>12,401</u>	<u>162,861</u>	<u>218,833</u>

The costs of charitable activities are apportioned according to the percentage of time spent on each of BAAG's main areas of operation. This equates to 41% of staff time on policy work and information sharing, 38% on raising the profile of the needs and aspirations of Afghans and 21% on membership activity.

8. Governance costs

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
Audit and accountancy	2,902	–	2,902	2,100
Board expenses	–	–	–	23
Sundries	440	661	1,101	–
Support costs	7,892	1,795	9,687	3,531
Total	<u>11,234</u>	<u>2,456</u>	<u>13,690</u>	<u>5,654</u>

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2013

9. Support costs

Cost	Charitable	Fundraising	Governance	Total	Total
	activities	costs	costs	31 March	31 March
	£	£	£	2013	2012
				£	£
Rent	4,282	84	4,500	8,866	7,445
Website and IT	4,689	–	–	4,689	7,746
Telephone and fax	505	–	300	805	1,106
Postage and stationery	1,328	–	120	1,448	711
Insurance	341	–	–	341	339
Recruitment	–	–	3,551	3,551	2,115
Membership fees	1,212	–	–	1,212	655
Training	–	–	1,216	1,216	305
Bank Charges	44	–	–	44	24
Total	<u>12,401</u>	<u>84</u>	<u>9,687</u>	<u>22,172</u>	<u>20,446</u>

Expenditure incurred in respect of a particular activity is allocated to it. Where expenditure cannot be attributed to specific activities, it is apportioned on the basis of the time spent on the various activities.

10. Net incoming/(outgoing) resources for the year

This is stated after charging:

	2013	2012
	£	£
Auditors' fees	<u>2,400</u>	<u>2,100</u>

11. Staff costs and emoluments

Total staff costs were as follows:

	2013	2012
	£	£
Wages and salaries	122,525	132,562
Social security costs	5,493	7,710
	<u>128,018</u>	<u>140,272</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2013	2012
	No	No
	3	4

No employee received remuneration of more than £60,000 during the year (2012 - Nil).

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2013

12. Debtors

	2013	2012
	£	£
Membership receivable	5,660	7,865
Other debtors	248	300
Prepayments	548	–
	<u>6,456</u>	<u>8,165</u>

13. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	14,921	6,109
PAYE and social security	2,260	3,325
Other creditors	2,427	5,587
	<u>19,608</u>	<u>15,021</u>

14. Restricted income funds

Fund	Balance 1 April 2012	Incoming resources	Outgoing resources	Balance 31 March 2013
	£	£	£	£
CAFOD 2008	460	–	(460)	–
CAFOD Core	3,534	–	(3,534)	–
Department for International Development	14,326	148,925	(141,977)	21,274
Public Campaign	14,312	–	–	14,312
ENGI Campaign	–	–	(57)	(57)
SCA	–	4,302	(4,302)	–
Total	<u>32,632</u>	<u>153,227</u>	<u>(150,330)</u>	<u>35,529</u>

Purposes of restricted funds

1. CAFOD 2008: In 2008, CAFOD provided a grant to assist BAAG to establish financial security through the development of a long term fundraising strategy and to cover the costs associated with fundraising activity.
2. CAFOD Core: In 2010/11, CAFOD provided a grant to cover BAAG's core costs, including staff salaries.
3. DFID granted BAAG a three year accountable grant arrangement for an Afghanistan-Civil Society Partnership project in January 2011. The grant which is dedicated to BAAG's work with Afghan civil society partners, will be invaluable in assisting BAAG to ensure that Afghan civil society organisations and activists from across Afghanistan have the opportunity to contribute actively to policy making on development and aid effectiveness at a national and international level.
4. Public Campaign: three of BAAG's member agencies, Christian Aid, CAFOD and CARE International UK provided BAAG with £19,1167, £14,702 and £10,000 respectively to develop and carry out public campaign work on Afghanistan in the financial years 2010-2012.

**BAAG (BRITISH & IRISH AGENCIES AFGHANISTAN GROUP)
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2013

15. Unrestricted income funds

Fund	Balance 1 April 2012	Incoming resources	Outgoing resources	Balance 31 March 2013
	£	£	£	£
Unrestricted fund	<u>46,372</u>	<u>30,153</u>	<u>(26,305)</u>	<u>50,220</u>

16. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Net current assets	<u>50,220</u>	<u>35,529</u>	<u>85,749</u>

17. Related party transactions

Elizabeth Winter, who was a Trustee throughout the current and previous year, acted for the organisation as an advocacy consultant and in this capacity was paid £29,591 (2012 - £21,750) during the year. The Trustees were not paid any additional remuneration. The Trustees were paid a total of £nil (2012 - £22) in expenses during the year to cover travel and postage.

18. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no corporation tax charge in these accounts. Value added tax is not recoverable by the charity and it is therefore included in the resources expended figures in the SOFA.

19. Company limited by guarantee

BAAG is a company limited by guarantee and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member. At 31 March 2013 there were 27 members of the company and 3 observer members.